



OHIO AUDITOR OF STATE  
**KEITH FABER**





**ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
ROSS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Six-Month Period Ended June 30, 2022 .....	5
Notes to the Financial Statements For the Six-Month Period Ended June 30, 2022 .....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2021 .....	13
Notes to the Financial Statements For the Year Ended December 31, 2021 .....	15
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	21
Schedule of Findings .....	23

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

Ross County Family and Children First Council  
Ross County  
425 Yoctangee Pkwy  
Chillicothe, Ohio 45601

To the Council:

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

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Ross County Family and Children First Council, Ross County, Ohio (the Council), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the period January 1, 2021 through June 30, 2022, and the related notes to the financial statements.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the period January 1, 2021 through June 30, 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council, as of June 30, 2022 and December 31, 2021, or the changes in financial position thereof for the period then ended.

#### ***Basis for Opinions***

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

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

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

***Emphasis of Matter***

As discussed in Note 6 to the December 31, 2021 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council. We did not modify our opinion regarding this matter.

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

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

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

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2024, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
February 8, 2024

**This page intentionally left blank.**



**Ross County Family and Children First Council**  
**Ross County**  
*Combined Statement of Cash Receipts, Cash Disbursements, and*  
*Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Six-Month Period Ended June 30, 2022*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Intergovernmental	\$14,632	\$42,858	\$57,490
<i>Total Cash Receipts</i>	14,632	42,858	57,490
<b>Cash Disbursements</b>			
Contractual Services	64,157	139,787	203,944
Family Centered Support and Services - FCSS	0	18,527	18,527
<i>Total Cash Disbursements</i>	64,157	158,314	222,471
<i>Net Change in Fund Cash Balances</i>	(49,525)	(115,456)	(164,981)
<i>Fund Cash Balances, January 1</i>	33,946	298,638	332,584
<i>Fund Cash Balances, June 30</i>	(\$15,579)	\$183,182	\$167,603

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

This page was intentionally left blank.

**Ross County Family and Children First Council**

**Ross County**

*Notes to the Financial Statements*

*For the Six-Month Period Ended June 30, 2022*

---

**Note 1 – Reporting Entity**

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

- a. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council’s remaining membership;
- 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 or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
- d. The Director of the County Department of Job and Family Services;
- e. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
- f. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent’s designee;
- g. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
- h. 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;
- i. A representative of the municipal corporation with the largest population in the County;
- j. The President of the Board of County Commissioners or an individual designated by the Board;
- k. A representative of the regional office of the Ohio Department of Youth Services;
- l. A representative of the County’s Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- m. 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
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**Ross County Family and Children First Council**

**Ross County**

*Notes to the Financial Statements*

*For the Six-Month Period Ended June 30, 2022*

---

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

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

- a. Referrals to the Cabinet Council of those children for whom the County 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.

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

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

**Basis of Presentation**

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

**Fund Accounting**

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

General Fund

The general fund reports all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to disbursement for specific purposes. The Council had the following significant special revenue fund:

*Family Centered Support and Services-FCSS* – This fund receives grant funds to maintain children and youth in their own homes through the provision of non-clinical, community-based services.

**Ross County Family and Children First Council**

**Ross County**

*Notes to the Financial Statements*

*For the Six-Month Period Ended June 30, 2022*

---

**Administrative Agent/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 has selected the Ross County Auditor as fiscal agent and the Ross County Board of Developmental Disabilities as administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. The Ross County Auditor and Ross County Board of Developmental Disabilities agree to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

**Basis of Accounting**

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

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

**Budgetary Process**

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

A summary of 2022 budgetary activity appears in note 3.

**Deposits and Investments**

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

**Capital Assets**

The Council records cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

**Fund Balance**

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

*Nonspendable* – The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**Ross County Family and Children First Council**

**Ross County**

*Notes to the Financial Statements*

*For the Six-Month Period Ended June 30, 2022*

---

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

*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. Those committed amounts cannot be used for any other purpose unless the Council 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 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, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

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

For regulatory purposes, limited disclosure related to fund balance is included in note 7.

**Note 3 – Budgetary Activity**

Budgetary activity for the six-month period ending June 30, 2022 follows:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$162,000	\$14,632	(\$147,368)
Special Revenue	193,700	42,858	(150,842)
Total	<u>\$355,700</u>	<u>\$57,490</u>	<u>(\$298,210)</u>

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$93,500	\$64,157	\$29,343
Special Revenue	291,800	158,314	133,486
Total	<u>\$385,300</u>	<u>\$222,471</u>	<u>\$162,829</u>

**Note 4 – Deposits and Investments**

The Ross County Auditor (the County), as fiscal agent for the Council, maintains a cash and investments pool used by all of the County's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance.

**Ross County Family and Children First Council**  
**Ross County**  
*Notes to the Financial Statements*  
*For the Six-Month Period Ended June 30, 2022*

---

The carrying amount of deposits and investments at June 30, 2022 was as follows:

Held by the Ross County Treasurer	\$167,603
-----------------------------------	-----------

*Deposits:* The Ross County Treasurer is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts. All risks associated with the above deposits are the responsibility of the County.

**Note 5 – Risk Management**

The Council is exposed to various risk of loss related to torts; theft or damage to, and destruction of assets. During the six-month period ended June 30, 2022, the Council's fiscal agent, Ross County, provided insurance for the assets of the Council. Settled claims have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

**Note 6 – Contingent Liabilities**

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

The Council is not currently party to legal proceedings.

**Note 7 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The restricted amounts in the special revenue funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned." At year end the Council did not hold any outstanding encumbrances.

The fund balance of special revenue funds is either restricted or unassigned. Unassigned balances are due to negative fund balances in certain funds due to the Council's requirement to spend certain grant funds prior to submission of request for reimbursement. The Council did not have any negative fund balances at June 30, 2022.

**Note 8 – Subsequent Event**

As of July 1, 2022, the administrative and fiscal agent responsibilities have been transferred from Ross County (the County) to Chillicothe City School District (the School District). Cash remaining in the County's treasury at June 30, 2022 was paid to the School District in July 2022. Additionally, in order to align fiscal years, the Council approved a change in fiscal year end from December 31<sup>st</sup> to June 30<sup>th</sup>.

**This page intentionally left blank.**



**ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL**  
**Combined Statement of Cash Receipts, Cash Disbursements**  
**and Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**Regulatory Cash Basis**  
**For the Year Ended December 31, 2021**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Intergovernmental	\$50,570	\$172,671	\$223,241
Total Cash Receipts	<u>50,570</u>	<u>172,671</u>	<u>223,241</u>
<b><u>Cash Disbursements:</u></b>			
Contract Services	64,663	0	64,663
Family Support Services - FAST	0	31,506	31,506
Cluster Flexible Funds	<u>0</u>	<u>300</u>	<u>300</u>
Total Cash Disbursements	<u>64,663</u>	<u>31,806</u>	<u>96,469</u>
Total Cash Receipts Over Cash Disbursements	(14,093)	140,865	126,772
Fund Cash Balances, January 1, <i>As Restated (See Note 8)</i>	<u>48,039</u>	<u>157,773</u>	<u>205,812</u>
<b><i>Fund Cash Balances, December 31</i></b>	<u><u>\$33,946</u></u>	<u><u>\$298,638</u></u>	<u><u>\$332,584</u></u>

See accompanying notes to the financial statements.

**This page intentionally left blank.**

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2021**

---

**Note 1 – Reporting Entity**

Description of the Entity

Section 121.37, Revised Code, created the Ohio Family and Children First Council Cabinet and permitted counties to establish county family and children and first councils. Statutory membership of a county council consists of the following individuals:

- a. At least three individuals who are not employed by an agency represented on the council and 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 public children services agency pursuant to Section 5153.15 of the Revised Code;
- f. The superintendent of the county board of developmental disabilities;
- g. 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;
- h. 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;
- i. A representative of the municipal corporation with the largest population in the county;
- j. The president of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 of the Revised Code;
- m. 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";
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

---

**Note 1 – Reporting Entity** – (Continued)

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

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

- a. Referrals to the cabinet council of those children for whom the county 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;
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system;

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

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

**Basis of Presentation**

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

**Basis of Accounting**

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

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

---

**Note 2 – Summary of Significant Accounting Policies** - (Continued)

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

Fund Accounting

The Council uses fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

General Fund: The General Fund is the general operating fund of the Council. It is used to account for and report all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

*Help Me Grow Fund* – This fund receives state and federal grant monies restricted for expectant parents and newborns and their families.

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

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

Fiscal/Administrative Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council selected the Ross County Auditor as the fiscal agent and Ross County Board of Developmental Disabilities as the administrative agent, to contract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. The Ross County Auditor and the Ross County Board of Developmental Disabilities agree to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

Budgetary Process

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Section 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The Council files an estimate of resources and an appropriation measure with the Ross County Auditor as required by Ohio law. The Council follows the same encumbrance method of accounting as its administrative agent.

A summary of budgetary activity appears in Note 4.

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

---

**Note 2 – Summary of Significant Accounting Policies** - (Continued)

Cash

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

Property, Plant and Equipment

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

Fund Balance

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

Nonspendable: The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Council.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 7.

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2021**

---

**Note 3 – Cash and Investments**

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

	2021
	<hr/>
Demand Deposits	\$332,584
	<hr/> <hr/>

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

**Note 4 – Budgetary Basis of Accounting**

Budgetary activity for the period ended December 31, 2021, follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Receipts		
	Budgeted	Actual	Variance
General	\$86,266	\$50,570	(\$35,696)
Special Revenue	191,827	172,691	(19,136)
<i>Total</i>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

2021 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,476	\$64,663	\$27,813
Special Revenue	214,586	31,806	182,780
<i>Total</i>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

---

**Note 5 – Risk Management**

The Council is covered under the County’s insurance policy for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

**Note 6 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues.

**Note 7 – Fund Balances**

Included in fund balance are amounts the Council cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. The Council did not hold any unclaimed monies. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the Council did not hold any outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 8 – Contingent Liabilities**

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



# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Ross County Family and Children First Council  
Ross County  
425 Yoctangee Pkwy  
Chillicothe, Ohio 45601

To the Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the period January 1, 2021 through June 30, 2022 and the related notes to the financial statements of the Ross County Family and Children First Council, Ross County, (the Council) and have issued our report thereon dated February 8, 2024, wherein we noted the Council followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Council.

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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

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. We consider the deficiency described in the accompanying schedule of findings as item 2022-002 to be a significant deficiency.

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

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
February 8, 2024

**ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
ROSS COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE PERIOD JANUARY 1, 2021 TO JUNE 30, 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2022-001**

**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.

Due to deficiencies in the Council's financial statement and notes to the financial statements monitoring and review processes, the following conditions were noted in relation to the 2022 Reporting:

General Fund:

- Beginning and Ending Cash Fund Balances were understated in the amount of \$27,928 due to unsupported restatement of fund balances made by Council.
- Contractual Services was understated, and Salaries and Benefits was overstated in the amount of \$24,604 to correct classification of Coordinator Salary Reimbursements.
- Contractual Services was understated and Cash Fund Balance was overstated in the amount of \$41,516, due to the Council not properly allocating the Coordinator Salary reimbursement.
- Contractual Services was understated, and Cash Fund Balance was overstated in the amount of \$3,163 due to the Finding for Recovery as issued in Finding 2022-003.

Special Revenue Fund:

- Beginning and Ending Cash Fund Balances were understated in the amount of \$42,038 due to unsupported restatement of fund balances made by Council.
- Contractual Services were understated, and Cash Fund Balances were overstated in the amount of \$98,645 due to pass through Help Me Grow expenditure activity not recorded by Council as discussed in Finding 2022-002, and fund balance being restated to eliminate the revenue during compilation of the financial statements.
- Contractual Services and Intergovernmental Revenue were understated in the amount of \$41,142 due to pass through Help Me Grow activity not recorded by Council as discussed in Finding 2022-002.
- Contractual Services was overstated and Cash Fund Balance was understated in the amount of \$41,516, due to the Council not properly allocating the Coordinator Salary reimbursement.

Due to deficiencies in the Council's financial statement and notes to the financial statements monitoring and review processes, the following conditions were noted in relation to the 2021 Reporting:

**FINDING NUMBER 2022-001  
(Continued)**

General Fund:

- Beginning and Ending Cash Fund Balance were overstated in the amount of \$32,780 due to unsupported restatement of fund balances made by Council.
- Contractual Services was understated and Cash Fund Balance was overstated in the amount of \$73,278, due to Council not properly allocating the Coordinator Salary reimbursement.
- Contractual Services was understated, and Cash Fund Balance was overstated in the amount of \$12,650 due to the Finding for Recovery as issued in Finding 2022-003.
- Appropriation Authority was understated in the amount of \$75,000 in the Budgetary Activity Footnote.

Special Revenue Fund:

- Beginning and Ending Cash Fund Balance were understated in the amount of \$32,780 due to unsupported restatement of fund balances made by Council.
- Contractual Services was over stated and Cash Fund Balance was understated in the amount of \$73,278, due to Council not properly allocating the Coordinator Salary reimbursement.
- Intergovernmental Receipts and Cash Fund Balance was overstated in the amount of \$97,185 due to the Finding for Recovery as issued in Finding 2022-003.
- Appropriation Authority was overstated in the amount of \$75,000 in the Budgetary Activity Footnote.
- Other errors in amount of \$1,818 were identified and corrected by the Council.

The Council corrected the financial statements and their accounting system, where applicable, for all identified errors. In addition, the required corrections have been made to the notes to the financial statements.

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

The Council should review and implement internal controls to ensure financial transactions and notes to the financial statements are accurately recorded and reported.

**Officials' Response:**

We received no response from the Council.

**FINDING NUMBER 2022-002**

**Significant Deficiency**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

**FINDING NUMBER 2022-002  
(Continued)**

Accurate and timely accounting and reconciliation procedures are key components of an effective accounting system and internal controls required to enable the Council to properly classify transactions, maintain accountability for funds, distribute funds accurately, and detect fraud, theft, and errors in a timely manner.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council and/or other administrator are responsible for reviewing the reconciliations and related support.

The following control deficiencies:

- Help Me Grow Funds should be received by the Council then distributed to the Ross County Board of Developmental Disabilities upon monthly invoice. During 2022 and 2021, the Council did not distribute the Help Me Grow Funds to the Board of Developmental Disabilities in the amounts of \$41,142 and \$98,645, respectively.
- Ross County serves as the Council's fiscal agent, through Ross County Department of Developmental Disabilities. The Council did not perform reconciliations of funds held by the fiscal agent to the grant accountability managed by the Council submitted to grantors, causing fund balances to be inappropriately reported.

Without complete and timely reconciliations, the funding may not be invoiced or distributed for the appropriate amounts in an accurate and timely manner.

The Fiscal Officer should perform monthly reconciliations of funds held by the fiscal agent to monthly grant accountability reports to ensure proper tracking of grant funding. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. As a part of the reviews, Council should ensure that the Help Me Grow Funds are timely recorded in the accounting system and verify that the appropriate amounts are invoiced by and distributed to the Board of Developmental Disabilities monthly.

**Officials' Response:**

We received no response from the Council.

**OTHER – FINDINGS FOR RECOVERY**

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

**FINDING NUMBER 2022-003**

**Finding for Recovery Repaid under Audit**

The Ross County Board of Developmental Disabilities (the Board) was the Administrative Agent for the Council. With this relationship there were some services, such as the FCFC coordinator that were shared and the Council reimbursed the Board for a portion of the these services or salaries through a Memorandum of Understanding (MOU).

Due to deficiencies in the Council's monitoring and review process of the MOU and the lack of review of the financial activity, the Council received monies that were not theirs and reimbursed the Board in excess of their portion of the Coordinator Salary as follows:

**FINDING NUMBER 2022-003  
(Continued)**

- When reimbursing the Board, the Council was to reduce the amount paid to the Board by the portion of the salary to which the Board is responsible. The Council failed to deduct the portion from some of the quarterly amounts remitted resulting in the Board receiving more in reimbursements than they were due in the amounts of \$12,650 in 2021 and \$3,163 in 2022, for a total of \$15,813.
- The former Administrative Agent recorded the Strong Family grant in the Council's funds. This grant was managed and awarded to the Board. The Council should have not received these payments resulting in the Council depositing and recording \$97,185 in grant funds to which they were not entitled in 2021.

Due to the two items noted above, the Board owes the Council \$15,813 and the Council owes the Board \$97,185. Resulting in a net effect of \$81,372 that owed to the Board from the Council.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Ross County Family and Children First Council in the amount of \$81,372 in favor of Ross County Board of Developmental Disabilities, the Council's former Administrative Agent.

As of June 30, 2022, the Chillicothe City School District became the Administrative and Fiscal Agent for Ross County Family and Children First Council. On December 21, 2023, the Council repaid \$81,372 through Chillicothe City School District. Ross County Board of Developmental Disabilities deposited and recorded in their depository, Ross County on January 2, 2024. This finding for recovery is considered to be paid in full.

**Officials' Response:**

We received no response from the Council.

# OHIO AUDITOR OF STATE KEITH FABER



**ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**ROSS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/22/2024**

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

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