



OHIO AUDITOR OF STATE
KEITH FABER



MUSKINGUM COUNTY FAMILIES AND CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY

TABLE OF CONTENTS

| TITLE | PAGE |
|--|------|
| Independent Auditor's Report | 1 |
| Prepared by Management: | |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2020..... | 5 |
| Notes to the Financial Statements – For the Year Ended December 31, 2020..... | 7 |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2019..... | 13 |
| Notes to the Financial Statements – For the Year Ended December 31, 2019..... | 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 |
| Summary Schedule of Prior Audit Findings (Prepared by Management) | 25 |

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Muskingum County Families and Children First Council
Muskingum County
445 Woodlawn Avenue
Zanesville, Ohio 43701

To the Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Muskingum County Families and Children First Council, Muskingum County, Ohio (the Council).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Council does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental type as of and for the years ended December 31, 2020 and 2019, and related notes of the Council, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Notes 7 and 6 to the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2021, 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

August 16, 2021

This page intentionally left blank.

Muskingum Families and Children First Council
Muskingum County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

| | General | Special Revenue | Totals (Memorandum Only) |
|---|-------------------------|-------------------------|--------------------------------|
| Cash Receipts | | | |
| Intergovernmental - Local | \$0 | \$55,844 | \$55,844 |
| Intergovernmental - State | 32,568 | 51,803 | 84,371 |
| Intergovernmental - Federal | 0 | 193,201 | 193,201 |
| Donations | 21,528 | 0 | 21,528 |
| Miscellaneous | 22,047 | 7,004 | 29,051 |
| <i>Total Cash Receipts</i> | <u>76,143</u> | <u>307,852</u> | <u>383,995</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Contract Services | 59,473 | 231,977 | 291,450 |
| Building, Equipment, & Supplies | 0 | 1,949 | 1,949 |
| <i>Total Cash Disbursements</i> | <u>59,473</u> | <u>233,926</u> | <u>293,399</u> |
| <i>Excess of Receipts Over Disbursements</i> | <u>16,670</u> | <u>73,926</u> | <u>90,596</u> |
| Other Financing Receipts (Disbursements) | | | |
| Transfers In | 0 | 33,266 | 33,266 |
| Transfers Out | 0 | (33,266) | (33,266) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Cash Balances</i> | 16,670 | 73,926 | 90,596 |
| <i>Fund Cash Balances, January 1, 2020</i> | <u>83,527</u> | <u>93,131</u> | <u>176,658</u> |
| <i>Fund Cash Balances, December 31, 2020</i> | <u><u>\$100,197</u></u> | <u><u>\$167,057</u></u> | <u><u>\$267,254</u></u> |

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

This page intentionally left blank.

Muskingum Families and Children First Council
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 Reporting Entity/Summary of Significant Accounting Policies

A. Description of the 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 Addition, 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

Muskingum Families and Children First Council
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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

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

- 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.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, 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, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides services including human, social, health and education to families and children.

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.

Muskingum Families and Children First Council
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

C. Basis of Accounting

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

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

D. 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 classifies its funds into the following types:

General Fund – The General Fund is the operating fund of the Council. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – These funds are used to account for and report specific sources (other than from trusts or for capital projects) that are restricted or committed to expenditure for specified purposes. The Council had the following significant Special Revenue Funds:

Help Me Grow Grant Fund – This fund receives state and federal grant monies restricted for the purpose of the grant provisions.

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

Family-Centered Services and Supports 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.

Creative Options Fund – This fund receives donations to be used to provide youth and family services in an effort to help maintain families as a unit.

E. 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 has selected the Muskingum County Job and Family Services. The Council authorizes Muskingum County Department of Job and Family Services (MCJFS), as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. The MCJFS agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

Muskingum Families and Children First Council
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

F. 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 MCJFS as required by Ohio law.

A summary of 2020 budgetary activity appears in Note 2.

G. Cash and Investments

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

H. Property, Plant and Equipment

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.

I. Fund Balance

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

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

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

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

Assigned – 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.

Muskingum Families and Children First Council
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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

Note 2 Budgetary Activity

Budgetary activity for the years ending 2020 follows:

| 2020 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$53,750 | \$76,143 | \$22,393 |
| Special Revenue | 274,129 | 341,118 | 66,989 |
| Total | \$327,879 | \$417,261 | \$89,382 |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$61,750 | \$59,473 | \$2,277 |
| Special Revenue | 307,314 | 267,192 | 40,122 |
| Total | \$369,064 | \$326,665 | \$42,399 |

Note 3 Equity in Pooled Cash and Investments

The Muskingum County Treasurer, as custodian of cash and investments for the MCJFS, fiscal agent for the Council, maintains a cash and investments pool used by all funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the County Treasurers is responsible for compliance. The carrying amount of deposits and investments at December 31, 2020 was \$267,254.

The 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 4 Risk Management

The Council is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Muskingum Families and Children First Council
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | |
|-----------------------|---------------|
| | <u>2020</u> |
| Cash and investments | \$ 40,318,971 |
| Actuarial liabilities | \$14,111,510 |

Note 5 Contingent Liabilities

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

Note 6 Fund Balance

Included in fund balance are amounts the Council cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. 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, there were no unclaimed monies or outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned. There were no outstanding encumbrances at year end.

Note 7 COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council. The Council's investment portfolio, which is part of Muskingum County, fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Muskingum Families and Children First Council
Muskingum County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

| | General | Special Revenue | Totals (Memorandum Only) |
|---|------------------------|------------------------|--------------------------------|
| Cash Receipts | | | |
| Intergovernmental - State | \$26,561 | \$41,832 | \$68,393 |
| Intergovernmental - Federal | 0 | 166,292 | 166,292 |
| Charges for Service | 4,100 | 0 | 4,100 |
| Donations | 15,455 | 0 | 15,455 |
| Miscellaneous | 194 | 0 | 194 |
| <i>Total Cash Receipts</i> | <u>46,310</u> | <u>208,124</u> | <u>254,434</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Contract Services | 54,581 | 213,062 | 267,643 |
| Building, Equipment, & Supplies | 3,749 | 13,770 | 17,519 |
| <i>Total Cash Disbursements</i> | <u>58,330</u> | <u>226,832</u> | <u>285,162</u> |
| <i>Excess of Receipts (Under) Disbursements</i> | <u>(12,020)</u> | <u>(18,708)</u> | <u>(30,728)</u> |
| Other Financing Receipts (Disbursements) | | | |
| Transfers In | 0 | 18,755 | 18,755 |
| Transfers Out | 0 | (18,755) | (18,755) |
| Advances In | 20,000 | 0 | 20,000 |
| Advances Out | 0 | (20,000) | (20,000) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>20,000</u> | <u>(20,000)</u> | <u>0</u> |
| <i>Net Change in Fund Cash Balances</i> | 7,980 | (38,708) | (30,728) |
| <i>Fund Cash Balances, January 1, 2019</i> | <u>75,547</u> | <u>131,839</u> | <u>207,386</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | 0 | 93,131 | 93,131 |
| Unassigned (Deficit) | 83,527 | 0 | 83,527 |
| <i>Fund Cash Balances, December 31, 2019</i> | <u><u>\$83,527</u></u> | <u><u>\$93,131</u></u> | <u><u>\$176,658</u></u> |

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

This page intentionally left blank.

Muskingum Families and Children First Council
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 Reporting Entity/Summary of Significant Accounting Policies

A. Description of the 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 Addition, 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

Muskingum Families and Children First Council
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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

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

- 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.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, 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, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides services including human, social, health and education to families and children.

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.

Muskingum Families and Children First Council
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

C. Basis of Accounting

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

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

D. 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 classifies its funds into the following types:

General Fund – The General Fund is the operating fund of the Council. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – These funds are used to account for and report specific sources (other than from trusts or for capital projects) that are restricted or committed to expenditure for specified purposes. The Council had the following significant Special Revenue Funds:

Help Me Grow Grant Fund – This fund receives state and federal grant monies restricted for the purpose of the grant provisions.

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

Family-Centered Services and Supports 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.

Creative Options Fund – This fund receives donations to be used to provide youth and family services in an effort to help maintain families as a unit.

E. 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 has selected the Muskingum County Job and Family Services. The Council authorizes Muskingum County Department of Job and Family Services (MCJFS), as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. The MCJFS agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

Muskingum Families and Children First Council
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

F. 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 MCJFS as required by Ohio law.

A summary of 2019 budgetary activity appears in Note 2.

G. Cash and Investments

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

H. Property, Plant and Equipment

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.

I. Fund Balance

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

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

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

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

Assigned – 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.

Muskingum Families and Children First Council
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

Note 2 Budgetary Activity

Budgetary activity for the years ending 2019 follows:

| 2019 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$55,750 | \$66,310 | \$10,560 |
| Special Revenue | 227,227 | 226,879 | (348) |
| Total | \$282,977 | \$293,189 | \$10,212 |

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$60,097 | \$58,330 | \$1,767 |
| Special Revenue | 265,637 | 265,587 | 50 |
| Total | \$325,734 | \$323,917 | \$1,817 |

Note 3 Equity in Pooled Cash and Investments

The Muskingum County Treasurer, as custodian of cash and investments for the MCJFS, fiscal agent for the Council, maintains a cash and investments pool used by all funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the County Treasurers is responsible for compliance. The carrying amount of deposits and investments at December 31, 2019 was \$176,658.

The 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.

Muskingum Families and Children First Council
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 4 Risk Management

The Council is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | |
|-----------------------|---------------|
| | <u>2019</u> |
| Cash and investments | \$ 38,432,610 |
| Actuarial liabilities | \$14,705,917 |

Note 5 Contingent Liabilities

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

Note 6 Subsequent Events - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Council. The Council's investment portfolio, which is part of Muskingum County, fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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

Muskingum County Families and Children First Council
Muskingum County
445 Woodlawn Avenue
Zanesville, Ohio 43701

To the Members of the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Muskingum County Families and Children First Council, Muskingum County, Ohio (the Council), and have issued our report thereon dated August 16, 2021, wherein we noted the Council followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing measures which may impact subsequent periods of the Council.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2020-001 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 financial statements. 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

August 16, 2021

**MUSKINGUM COUNTY FAMILIES AND CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

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

In addition, Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, requires five fund balance classifications (nonspendable, restricted, committed, assigned, and unassigned) related to constraints placed upon the use of resources reported in governmental funds and clarifies the existing governmental fund type definitions. Auditor of State Bulletin 2011-004 requires local governments which prepare regulatory financial statements to implement these fund balance classifications and governmental fund type definitions.

For the fiscal year ending December 31, 2020, the Council filed their financial statements as a proprietary fund presentation reflecting operating and non-operating cash receipts and disbursements on their financial statement rather than the presentation for governmental fund types. In addition, the Council failed to separately report the activity of the Special Revenue funds. Rather it was combined and presented together with the General Fund. The activity of the Special Revenue fund should have been reported as receipts and other financing sources totaling \$341,118, expenditures and other financing uses totaling \$267,192, and ending fund cash balances, totaling \$167,057.

For the fiscal year ending December 31, 2019, Charges for Services of \$4,100 were incorrectly reported as Donations in the General Fund. In addition, for fiscal year ending December 31, 2019, Contract Services of \$15,451 and \$72,895 were incorrectly reported as Salaries, Fringe Benefits, and Other Personnel Expenses in the General and Special Revenue Funds, respectively.

Additionally, for the fiscal year ending December 31, 2019, the Council failed to properly classify fund balances in accordance with the requirements of GASB Statement No. 54. Special Revenue Restricted fund balances were improperly classified as Unassigned in the amount of \$93,131.

We also noted the following material errors in the Council's notes to the financial statements:

- The Council failed to report any budgetary information within the footnotes for 2020 and 2019.
- The Council failed to report the carrying amount of deposits and investments at December 31, 2020 and 2019.

Audit adjustments, with which management has agreed, are reflected in the accompanying financial statements and notes to the financial statements. Incorrect financial statement account classifications and balances could result in inaccurate reporting of the Council's financial information.

The Fiscal Officer should exercise additional care when preparing the financial statements and classifying receipts and disbursements on the Council's financial statements. Additionally, the Fiscal Officer should utilize the Auditor of State website to access resources to assist in accurate completion of the notes to the financial statements and ensure they include all required disclosures.

**MUSKINGUM COUNTY FAMILIES AND CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

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

FINDING NUMBER 2020-001 (Continued)

Material Weakness (Continued)

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

MUSKINGUM

Families & Children... First

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|--|---------------|---|
| 2018-001 | <p>There were misstatements in recording activity of the Council's receipts and disbursements during 2018 and 2017. Fund balances were not properly classified according to GASB Statement No. 54. Additionally, the Council failed to accurately report budgetary information and the carrying amount of deposits and investments in their footnotes.</p> | Not Corrected | <p>The finding is no longer valid in a sense that during this time period there was a change in Fiscal Agent and how the processes were being done.</p> <p>Secondly, going forward the Council, who prepares the financial statements, and The Fiscal Agent will coordinate to insure Financial Statement accuracy, The Council was combining fiscal information and not accurately coding in the same as the Fiscal Agent.</p> |

OHIO AUDITOR OF STATE KEITH FABER



MUSKINGUM COUNTY FAMILIES AND CHILDREN FIRST COUNCIL

MUSKINGUM 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 8/26/2021

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