



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MUSKINGUM COUNTY FAMILIES AND CHILDREN FIRST COUNCIL  
MUSKINGUM COUNTY  
DECEMBER 31, 2022 AND 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



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## 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 Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

***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 *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 January 14, 2025, 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

January 14, 2025

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**Muskingum County 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, 2022*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Charges for Services	\$ 14,998	\$ -	\$ 14,998
Intergovernmental:			
Grants	19,350	364,643	383,993
Donations	3,850	-	3,850
<i>Total Cash Receipts</i>	<u>38,198</u>	<u>364,643</u>	<u>402,841</u>
<b>Cash Disbursements</b>			
Contract Services	36,945	291,824	328,769
<i>Total Cash Disbursements</i>	<u>36,945</u>	<u>291,824</u>	<u>328,769</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,253</u>	<u>72,819</u>	<u>74,072</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	62,247	62,247
Transfers Out	-	(62,247)	(62,247)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	1,253	72,819	74,072
<i>Fund Cash Balances, January 1, 2022</i>	<u>54,999</u>	<u>147,353</u>	<u>202,352</u>
<i>Fund Cash Balances, December 31, 2022</i>	<u>\$ 56,252</u>	<u>\$ 220,172</u>	<u>\$ 276,424</u>

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

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# **Muskingum Families and Children First Council**

## *Muskingum County*

### *Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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#### **Note 1 – Reporting Entity**

##### **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:

1. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
7. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
8. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
9. A representative of the municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;

## **Muskingum Family and Children First Council**

### *Muskingum County*

#### *Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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

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

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

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

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 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.

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

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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 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.

***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 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 account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Council had the following significant Special Revenue Funds:

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

***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.

***Administrative/Fiscal Agent***

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council Selected the Muskingum County Job and Family Services. The Council authorizes Muskingum County Department of Job and Family

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

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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.

***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 2022 budgetary activity appears in Note 2.

***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.

***Property, Plant and Equipment***

The Council records 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.

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2022, follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,000	\$38,198	(\$36,802)
Special Revenue	434,740	426,890	(7,850)
Total	<u>\$509,740</u>	<u>\$465,088</u>	<u>(\$44,652)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$75,000	\$36,945	\$38,055
Special Revenue	477,917	372,629	105,288
Total	<u>\$552,917</u>	<u>\$409,574</u>	<u>\$143,343</u>

**Note 4 – Deposits 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, 2022 was \$276,424.

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

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**Note 5 – Risk Management**

***Risk Pool Membership***

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 (name of subdivision)'s policy. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Cyber
- Law Enforcement Liability
- Automobile Liability
- Vehicles
- Property
- Equipment Breakdown

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

	<u>2022</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

**Note 6 – 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 7 – Related Party Transactions**

Multiple Council members are employees of the Muskingum County Health Department and Muskingum County Board of Developmental Disabilities. Due to the nature of Families and Children First Council business transactions occurred with these departments for contracted services for the amounts \$194,476 and \$35,301 respectively.

**Note 8 – 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. 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. At year end the balances of these amounts were as follows:



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

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**Note 8 – Fund Balances (Continued)**

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Nonspendable:			
Unclaimed Monies	\$0	\$0	\$0
Outstanding Encumbrances	<u>0</u>	<u>18,558</u>	<u>18,558</u>
Total	<u>\$0</u>	<u>\$18,558</u>	<u>\$18,558</u>

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

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**Muskingum County 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, 2021*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Charges for Services	\$ 15,000	\$ -	\$ 15,000
Intergovernmental:			
Grants	1,818	301,568	303,386
Donations	6,100	1,750	7,850
<i>Total Cash Receipts</i>	<u>22,918</u>	<u>303,318</u>	<u>326,236</u>
<b>Cash Disbursements</b>			
Contract Services	30,394	321,997	352,391
Other	37,723	1,025	38,748
<i>Total Cash Disbursements</i>	<u>68,117</u>	<u>323,022</u>	<u>391,139</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(45,199)</u>	<u>(19,704)</u>	<u>(64,903)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	27,312	27,312
Transfers Out	-	(27,312)	(27,312)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(45,199)</u>	<u>(19,704)</u>	<u>(64,903)</u>
<i>Fund Cash Balances, January 1, 2021</i>	<u>100,197</u>	<u>167,057</u>	<u>267,254</u>
<i>Fund Cash Balances, December 31, 2021</i>	<u>\$ 54,999</u>	<u>\$ 147,353</u>	<u>\$ 202,352</u>

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

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**Muskingum Families and Children First Council**

*Muskingum County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

**A. Description of the Entity**

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6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
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9. A representative of the municipal corporation with the largest population in the County;
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## **Muskingum Family and Children First Council**

### *Muskingum County*

#### *Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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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:

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

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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 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.

***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 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 account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Council had the following significant Special Revenue Funds:

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

***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.

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

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***Administrative/Fiscal Agent***

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council 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.

***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 2021 budgetary activity appears in Note 2.

***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.

***Property, Plant and Equipment***

The Council records 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.

***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.



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

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2021, follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,000	\$22,918	(\$62,082)
Special Revenue	368,830	330,630	(38,200)
Total	<u>\$453,830</u>	<u>\$353,548</u>	<u>(\$100,282)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,000	\$68,117	\$16,883
Special Revenue	396,062	350,334	45,728
Total	<u>\$481,062</u>	<u>\$418,451</u>	<u>\$62,611</u>

**Note 4 – Deposits 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 Treasurer is responsible for compliance. The carrying amount of deposits and investments at December 31, 2021 was \$202,352.

**Muskingum Family and Children First Council**  
*Muskingum County*  
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*For the Year Ended December 31, 2021*

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This 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**

***Risk Pool Membership***

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 (name of subdivision)'s policy. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Cyber
- Law Enforcement Liability
- Automobile Liability
- Vehicles
- Property
- Equipment Breakdown

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

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

**Note 6 – 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 7 – Related Party Transactions**

Multiple Council members are employees of the Muskingum County Health Department and Muskingum County Board of Developmental Disabilities. Due to the nature of Families and Children First Council business transactions occurred with these departments for contracted services for the amounts \$181,766 and \$11,329 respectively.

**Muskingum Family and Children First Council**  
*Muskingum County*  
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*For the Year Ended December 31, 2021*

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**Note 8 – 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. 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. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Nonspendable:			
Unclaimed Monies	\$0	\$0	\$0
Outstanding Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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.

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

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 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 as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Muskingum County Families and Children First Council, Muskingum County, Ohio (the Council) and have issued our report thereon dated January 14, 2025, wherein we noted the Council followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

***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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-001 that we consider to be a material weakness.

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

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

January 14, 2025

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

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

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

For the fiscal year ending December 31, 2021, 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 \$303,318, expenditures and other financing uses, totaling \$323,022, and ending fund cash balances, totaling \$147,353.

For the fiscal year ending December 31, 2021, Charges for Services of \$10,000 were incorrectly reported as Miscellaneous Revenue in the General Fund, as well Charges for Services of \$5,000 were incorrectly reported as Donation Revenue in the General Fund. In addition, for fiscal year ending December 31, 2022, Charges for Services of \$10,000 were incorrectly reported as Miscellaneous in the General Fund, as well Charges for Services of \$4,998 were incorrectly reported as Donation Revenue in the General Fund.

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

- The Council failed to report the required Fund Balance note disclosure for fiscal years ending December 31, 2022 and 2021.
- The Council failed to report the required Budgetary note disclosures for fiscal years ending December 31, 2022 and 2021.
- The Council failed to report the carrying amount of deposits for fiscal years ending December 31, 2022 and 2021.
- The Council failed to report related party transactions for fiscal years ending December 31, 2022 and 2021.

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.

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

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2022 and 2021**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	There were misstatements in recording activity of the Council's receipts and disbursements during 2020 and 2019. 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.	Not Corrected	<p>At the time that financial statements were prepared, the Fiscal Agent was still new to the process.</p> <p>Going forward, the Council and Fiscal Agent will coordinate to ensure financial statement accuracy.</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 1/28/2025**

65 East State 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)