



**FAMILY AND CHILDREN FIRST COUNCIL  
MUSKINGUM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**FAMILY AND CHILDREN FIRST COUNCIL  
MUSKINGUM COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Family and Children First Council  
Muskingum County  
526 Putnam Avenue, P.O. Box 2475  
Zanesville, Ohio 43701

To the Family and Children First Council:

We have audited the accompanying financial statements of the Family and Children First Council, Muskingum County, Ohio (the Council), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Council prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Muskingum County Family and Children First Council, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 1, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Council, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specific parties.

**Jim Petro**  
Auditor of State

May 1, 2001

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**FAMILY AND CHILDREN FIRST COUNCIL  
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$20,000	\$639,160	\$659,160
Contract Fees		512,621	512,621
Miscellaneous	33,110	19,945	53,055
	<u>53,110</u>	<u>1,171,726</u>	<u>1,224,836</u>
<b>Total Cash Receipts</b>			
	<u>53,110</u>	<u>1,171,726</u>	<u>1,224,836</u>
<b>Cash Disbursements:</b>			
Supplies	202	11,306	11,508
Advertising and Printing		39,942	39,942
Travel	158	12,401	12,559
Salary and Insurance	41,751	88,238	129,989
Contracted Services		905,227	905,227
Other	9,447	171,765	181,212
	<u>51,558</u>	<u>1,228,879</u>	<u>1,280,437</u>
<b>Total Cash Disbursements</b>			
	<u>51,558</u>	<u>1,228,879</u>	<u>1,280,437</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,552</u>	<u>(57,153)</u>	<u>(55,601)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-in		254,355	254,355
Transfers-out		<u>(254,355)</u>	<u>(254,355)</u>
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/Disbursements</b>			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,552	(57,153)	(55,601)
Fund Cash Balances, January 1	<u>23,871</u>	<u>417,173</u>	<u>441,044</u>
<b>Fund Cash Balances, December 31</b>	<u>\$25,423</u>	<u>\$360,020</u>	<u>\$385,443</u>
Reserves for Encumbrances, December 31	<u>\$136</u>	<u>\$13,272</u>	<u>\$13,408</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Intergovernmental	\$44,000	\$572,318	\$616,318
Contract Fees		642,545	642,545
Miscellaneous	31,286	21,011	52,297
Total Cash Receipts	75,286	1,235,874	1,311,160
<b>Cash Disbursements:</b>			
Supplies and Equipment	81	31,479	31,560
Advertising and Printing		13,079	13,079
Travel	96	6,580	6,676
Salary and Insurance	43,371	181,672	225,043
Contracted Services		351,274	351,274
Other	18,027	512,094	530,121
Total Cash Disbursements	61,575	1,096,178	1,157,753
Total Cash Receipts Over/(Under) Cash Disbursements	13,711	139,696	153,407
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-in		56,710	56,710
Transfers-out		(56,710)	(56,710)
Other uses - Loan Repayment		(10,032)	(10,032)
Total Other Financing Receipts/(Disbursements)	0	(10,032)	(10,032)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,711	129,664	143,375
Fund Cash Balances, January 1	10,160	287,509	297,669
<b>Fund Cash Balances, December 31</b>	<b>\$23,871</b>	<b>\$417,173</b>	<b>\$441,044</b>
Reserves for Encumbrances, December 31	\$195	\$5,781	\$5,976

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



**FAMILY AND CHILDREN FIRST COUNCIL  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. DESCRIPTION OF THE ENTITY**

Section 121.37, Revised Code, created the Ohio Family and Children First Cabinet Council and permitted Counties to establish County Family and Children First Councils. Statutory membership of a County Council consists of the following individuals:

- A. 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;
- B. The Health Commissioner of the Board of Health of each City or General Health District in the County, or their designees;
- C. The Director of the County Department of Job and Family Services;
- D. The Executive Director of the County agency responsible for the administration of Children Services Pursuant to Section 5153.15 of the Revised Code;
- E. The Superintendent of the County Board of Mental Retardation and Developmental Disabilities;
- F. The County's Juvenile Court Judge senior in service;
- G. The Superintendent of the City, Exempted Village, or Local School District with the largest number of pupils residing in the County, as determined by the Department of Education, which shall notify each 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 largest City in the County;
- J. The Chair of the Board of County Commissioners, or an individual designated by the Board;
- K. A representative of the regional office of the Department of Youth Services;
- L. A representative of the County's Head Start agencies, as defined in section 3301.31 of the Revised Code;
- M. A representative of the County's Early Intervention Collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986";
- N. At least three individuals representing the interests of families in the County. Where possible, the number of members representing families shall be equal to twenty per cent of the Council's remaining membership.
- O. An Executive Director of a non-profit agency that funds, advocates, or provides services to children and families.

**FAMILY AND CHILDREN FIRST COUNCIL  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. DESCRIPTION OF THE ENTITY (Continued)**

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

- A. Refer to the Cabinet Council those children for whom the Council cannot provide adequate services;
- B. Make periodic reports to the Cabinet Council regarding the number of children referred to the County Council and the progress made in meeting the needs of each child;
- C. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- D. Participate in the development of a County-wide, 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 "Education of the Handicapped Act Amendments of 1986";
- E. Maintain an accountability system to monitor the Council's progress in achieving its purposes;
- F. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The financial statements were prepared on the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the auditor of State.

**B. Fund Accounting**

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions are reflected in a self-balancing group of accounts.

**1. General Fund**

The General Fund is the general operating fund of the Council. It is used to account for all financial resources, except those required by law or contract to be restricted.

**FAMILY AND CHILDREN FIRST COUNCIL  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting (Continued)**

**2. Special Revenue Funds**

The Council maintains a separate special revenue fund for each program which is awarded to the Council that is either funded from local, state or federal sources and restricted for specific purposes. During 2000 and 1999, the Council had the following special revenue funds:

Ohio Wellness Block Grant Fund - This fund receives a state grant to focus on reducing teenage pregnancy and provide latitude to local Councils to make decisions for funding prevention services.

Early Start Subsidy Grant Fund - This fund receives state grant funds to be used for families with children ages birth to three years and pregnant women who are at risk for abuse, neglect or developmental delay.

Early Start Expansion Fund - This fund receives contract service funds from the Muskingum County Department of Job and Family Services to be used for families with children ages birth to three years and pregnant women who are at risk for abuse, neglect or developmental delay.

Family Stability Grant Fund - This fund receives a blended pool of state and federal grant funds to be used to reduce the number of children removed from their homes, to encourage the development of interagency diversion teams to provide appropriate services and support to prevent such removals.

Abstinence Grant Fund - This fund receives federal grant funds to be used to promote prevention of teenage pregnancy through abstinence from sexual activity and the development of educational programming directed toward community schools' teenage population.

Quality Day Care Fund - This fund receives contract service funds from the Muskingum County Department of Job and Family Services for services provided through the Quality Day Care Project which is designed to provide improved day care in the community and educate day care providers and users about safe day care environments.

Medicaid Outreach Plan Fund - This fund receives reimbursements from Muskingum County Department of Job and Family Services for services provided through the Medicaid Outreach Plan which promotes awareness and availability of Medicaid for children under the age of nineteen (19) whose household income is less than a specified percentage of the poverty level.

Welcome Home Grant Fund - This fund receives state grant funds to be used to aid first time and teen mothers in adjusting to living with and caring for a newborn.

**FAMILY AND CHILDREN FIRST COUNCIL  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Networks Fund - This fund receives contract service funding from the Muskingum County Department of Job and Family Services and the Zanesville Board of Education, as well as federal funding, and some private grants for services provided through the Information and Referral Program which is designed to coordinate volunteers within the County.

Creative Options Fund - This fund receives contract service revenue from the Muskingum County Department of Job and Family Services and from various other public entities through a pooled funding agreement to be used to provide services to Muskingum County children and youth deemed in need of wraparound services and/or short-term residential care.

**C. Fiscal Agent**

During the audit period January 1, 1999 through December 31, 2000, the Zanesville - Muskingum County General Health District served as fiscal agent for the Council.

**3. EQUITY IN POOLED CASH**

Muskingum County serves as the fiscal agent for the Zanesville - Muskingum County General Health District, the Council's fiscal agent. Muskingum County maintains a cash pool for all funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes the County's allowable deposits and investments. The Council's carrying amount of cash on deposit with the County at December 31, 2000, was \$385,443. Adequate depository collateral was maintained for all funds on deposit during the audit period.

**4. RETIREMENT SYSTEM**

Zanesville - Muskingum County General Health District employees perform certain services for the Council and are reimbursed from Council funds. Zanesville - Muskingum County General Health District employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing multiple-employer plan. This plan provides retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed the Ohio Revised Code.

Contribution rates are also prescribed by Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 10.84% and 13.55% for 2000 and 1999, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2000.

**5. DEBT**

On December 22, 1998, the Zanesville - Muskingum County General Health District's Board approved an interagency loan to the Family and Children First Council of \$10,032 for the Abstinence Education Grant to operate on until the federal grant revenues came through. On March 10, 1999, the Council repaid this loan in full. This transaction is reported as an Other Financing Use - Loan Repayment on the Council's 1999 financial statements.

**FAMILY AND CHILDREN FIRST COUNCIL  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. PRIOR PERIOD RESTATEMENT**

For the year ended December 31, 1998, certain adjustments have resulted in fund balance restatements. These adjustments resulted from more accurate information becoming available concerning the proper classification of grant fund activity.

Fund Type	Ending Balance at December 31, 1998	Restatement	Restated Balance December 31, 1998
General Fund	\$ 37,866	\$(27,706)	\$ 10,160
Special Revenue Fund	\$259,803	\$ 27,706	\$ 287,509
Total	\$297,669	\$ 0	\$ 297,669

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Family and Children First Council  
Muskingum County  
526 Putnam Avenue, P.O. Box 2475  
Zanesville, Ohio 43701

To the Family and Children First Council:

We have audited the accompanying financial statements of the Family and Children First Council, Muskingum County, Ohio (the Council), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 1, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Report**

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Council's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-61060-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Council in a separate letter dated May 1, 2001.

Family and Children First Council  
Muskingum County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, and the Council, and is not intended to be and should not be used by anyone other than these specific parties.

**Jim Petro**  
Auditor of State

May 1, 2001



**FAMILY AND CHILDREN FIRST COUNCIL  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

**FINDING NUMBER 2000-61060-001**

**Administrative Agent Agreement and Accounting Responsibilities**

The Muskingum County Family and Children First Council ( the "Council"), as required by the Ohio Rev. Code, appointed the Zanesville - Muskingum County General Health District as its administrative agent. However, the agreement between these two entities did not address a number of significant issues which, in the previous audit, were suggested to be addressed in a written administrative agreement.

- A. The Administrative Agent Agreement did not indicate what financial records the administrative agent will provide to the Council on a monthly basis for the Council's review. The Program Coordinator presented a report reflecting total monthly and year-to-date expenditures by program, as well as total budgeted program expenditures. Although the County Auditor, serving as statutory fiscal agent for the Zanesville - Muskingum County General Health District, maintained monthly printouts detailing budgeted receipts and disbursements compared to actual receipts and disbursements by specific line item, as well as specific fund balances, for each fund, these monthly printouts were not presented to the Council. As a result, there was little evidence to indicate the Council and/or Board of Directors were provided with sufficient documentation of which to monitor budgeted vs. actual receipts.

We recommend the agreement specify what financial records the administrative agent will provide and that the records specified include the monthly printouts prepared by the Muskingum County Auditor. We also recommend the agreement specify those monitoring procedures the Council will perform and in what manner the monitoring procedures will be documented. Performance of monitoring procedures could be documented by signing the monthly financial reports to indicate review and acceptance of the reports, and/or noting the review and acceptance of financial reports, and the discussion of such reports, in the Council's minutes. Any needed budgetary amendments should also be noted in the minutes.

- B. The Administrative Agent Agreement should indicate whose responsibility it is to prepare the monthly financial information which is presented to the Council, as well as, the Council's year-end financial statements and Schedule of Expenditures of Federal Awards which are presented for audit. The Council did prepare and present an annual financial report for audit for the period ending December 31, 2000; however, for the period ending December 31, 1999, the Council did not prepare an annual financial report for audit. As a result, it was necessary for the Auditor of State to compile an annual financial report. The Auditor of State also compiled a Schedule of Expenditures of Federal Awards in order to determine whether the Council was subject to Federal Office of Management and Budget Circular A-133 single audit requirements. Circular A-133 §. \_\_ .300(a) requires management, not the auditor, to identify all Federal awards received and expended. A-133 §. \_\_\_\_ .300(d) requires management, not the auditor, to prepare financial statements, including the Schedule of Federal Awards Expenditures.

We recommend the agreement indicate whose responsibility it is to prepare the monthly financial information, the annual financial reports, and the Schedule of Expenditures of Federal Awards to be presented to the Council. Effective for years beginning after August 12, 1998, Ohio Rev. Code Section 117.38 required Family and Children First Councils to file an annual report reflecting all financial activity of the Council with the Auditor of State's Office.

**FAMILY AND CHILDREN FIRST COUNCIL  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2000-61060-001 (Continued)**

**Administrative agent agreement and Accounting Responsibilities (Continued)**

- C. The Administrative Agent Agreement should assign responsibility for identifying federal financial assistance in its accounts. Federal financial assistance was not identified in its accounts and considerable audit cost was incurred determining federal financial assistance received and disbursed. Upon receiving federal financial assistance, the Council is responsible for complying with federal requirements, including identification of federal financial assistance in its accounts.

We recommend the agreement indicate whose responsibility it is to identify federal financial assistance in its accounts. We also recommend that, when the Council receives funding other than directly from federal agencies, the Council request the grantors or pass-through agencies to identify any pass-through federal assistance. If federal assistance is identified, identify the corresponding Catalog of Federal Domestic Assistance number for each federal program identified. (Federal regulations require grantor and pass-through agencies to identify to subrecipients the federal programs and corresponding amounts of federal awards.)

- D. The Administrative Agent Agreement should be signed by the Council Chairman and the Zanesville - Muskingum County General Health District's Administrator, as representatives of the Administrative Agent. The Agreement should also be signed by the Council Coordinator. As the Council Coordinator plays an integral part in the administration of Council programs, we recommend the Council Coordinator also sign the Agreement to lessen the likelihood of noncompliance with the Agreement.
- E. The Administrative Agent Agreement should indicate whose responsibility it is to notify the fiscal agent when restricted monies are received so that separate funds may be established. Although the fiscal agent did establish a separate fund for each program under which restricted monies were received, this responsibility should be defined in the Administrative Agent Agreement to lessen the likelihood of commingling restricted and unrestricted monies, should additional programs be implemented in the future. Care should also be exercised to properly classify transactions between the Zanesville - Muskingum County Health District and the Council as either grants or loans. Since the District and the Council are separate entities, transactions between the two should not be recorded as transfers.

Additional guidance concerning the accounting and control issues identified above is contained in Auditor of State Bulletin No. 98-007.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**FAMILY AND CHILDREN FIRST COUNCIL**

**MUSKINGUM COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 21, 2001**