



**Auditor of State
Betty Montgomery**

MUSKINGUM FAMILY & CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Muskingum Family & Children First Council
Muskingum County
526 Putnam Avenue
PO Box 2475
Zanesville, Ohio 43701

To the Council:

We have audited the accompanying financial statement of the Muskingum Family & Children First Council, Muskingum County, Ohio (the Council), as of and for the year ended December 31, 2002. This financial statement is the responsibility of the Council's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with 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. 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 1, the Council prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Muskingum Family & Children First Council, Muskingum County, as of December 31, 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2003, 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.

The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 4, 2003

**MUSKINGUM FAMILY & 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, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental Receipts	\$21,858	\$484,908	\$506,766
Contract Services		572,235	572,235
Administration Fee	50,064		50,064
Donations	2,300	1,322	3,622
Other Receipts	1,882	18,456	20,338
	<u>76,104</u>	<u>1,076,921</u>	<u>1,153,025</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Supplies and Equipment	288	25,081	25,369
Contract Services	26,205	915,507	941,712
Rentals		18,500	18,500
Training	434	10,535	10,969
Travel	3,000	17,259	20,259
Advertising and Printing	930	26,009	26,939
Salary and Insurance Reimbursements		19,750	19,750
Salaries and Benefits	55,884	146,701	202,585
Administrative Fees		50,064	50,064
Utilities	1,712	3,838	5,550
Other	8,653	90,750	99,403
Public Assistance		4,671	4,671
	<u>97,106</u>	<u>1,328,665</u>	<u>1,425,771</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(21,002)</u>	<u>(251,744)</u>	<u>(272,746)</u>
Other Financing Receipts/(Disbursements):			
Salary and Insurance Reimbursements	19,750		19,750
	<u>19,750</u>	<u>0</u>	<u>19,750</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,252)	(251,744)	(252,996)
Fund Cash Balances, January 1	41,330	504,657	545,987
Fund Cash Balances, December 31	<u><u>\$40,078</u></u>	<u><u>\$252,913</u></u>	<u><u>\$292,991</u></u>
Reserved for Encumbrances, December 31	<u><u>\$157</u></u>	<u><u>\$4,785</u></u>	<u><u>\$4,942</u></u>

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

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**MUSKINGUM FAMILY & CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

1. At least three individuals whose families are or have received services from an agency which is represented on the Council or another County's Council. Where possible, the number of members representing families shall be equal to twenty per cent of the Council's membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH) that serves the County, or, in the case of a County that has an ADAMH Board and a Community Mental Health Board, the Directors of both Boards. If the ADAMH Board 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 and General Health District in the County. If the County has more than two 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 County agency responsible for the administration of children's services pursuant to Ohio Rev. Code Section 5153.15;
6. The Superintendent of the County Board of Mental Retardation and Developmental Disabilities;
7. The County's Juvenile Court Judge senior in service or another judge of the Juvenile Court designated by the Administrative Judge or, where there is no Administrative Judge, by the Judge senior in service;
8. The Superintendent of the City, Exempted Village, or Local School District with the largest numbers of pupils residing in the County, as determined by the Ohio Department of Education at least biennially;
9. 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;
10. A representative of the municipal corporation with the largest population in the County;
11. The President of the Board of County Commissioners, or an individual designated by the Board;
12. A representative from the regional office of the Ohio Department of Youth Services;
13. A representative of the County's Head Start Agencies, as defined in Ohio Rev. Code Section 3301.31;
14. 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 of 1986"; and,
15. A representative of a local nonprofit entity that funds, advocates or provides services to children and families.

**MUSKINGUM FAMILY & CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

A County Council's statutory responsibilities include the following:

1. Refer to the Cabinet Council those children for whom the Council cannot provide adequate services;
2. Develop and implement 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. Participate 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 "Education of the Handicapped Act Amendments of 1986";
4. Maintain an accountability system to monitor the Council's progress in achieving results for families and children; and,
5. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Basis of Accounting

The financial statement was 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. This statement includes adequate disclosure of material matters, as prescribed or permitted by the auditor of State.

C. 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.

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.

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 2002 and 2001, the Council had the following significant Special Revenue Funds:

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

**MUSKINGUM FAMILY & CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

Early Start/Help Me Grow 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/Help Me Grow Expansion Grant Fund - This fund receives federal grant funds from the Muskingum County Department of Job and Family Services to be used for income eligible families with children ages birth to three years and pregnant women who are at risk for abuse, neglect or developmental delay.

Help Me Grow Part C Grant Fund – This fund receives federal grant funds to be used for families with disabled children ages birth to three years.

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 the prevention of teenage pregnancy through abstinence from sexual activity and the development of educational programming directed toward the 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 Fund – This fund receives federal grant reimbursements from the 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 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.

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 federal grant funds 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.

**MUSKINGUM FAMILY & CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fiscal and Administrative Agent

The Zanesville – Muskingum County General Health District serves as fiscal agent and the administrative agent for the Council.

E. Budgetary

The Council is required by Ohio Revised Code Section 121.37(B)(4) to file an annual budget with its administrative agent. The Council estimates revenues and expenditures for the year and submits these estimates to the Zanesville - Muskingum County General Health District's Board. The Council and the Board approve any changes made to these estimates during the year. In 2002 and 2001, the Council filed the required budgets with their administrative agent.

2. 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, 2002, was \$292,991. Adequate depository collateral was maintained for all funds on deposit during the audit period.

3. 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 2002 , PERS members contributed 8.5% of their gross salaries. In 2002, the District contributed an amount equal to 13.55% of participants' gross salaries. In The District has paid all contributions required through December 31, 2002.

**MUSKINGUM FAMILY AND CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. Department of Education</u>			
<i>Passed Through Ohio Department of Health:</i>			
Special Education: Grants for Infants and Families with Disabilities (Help Me Grow)	60-1-001-1-EG-03	84.181	\$25,863
	60-1-001-1-EG-02	84.181	<u>123,965</u>
Total Special Education: Grants for Infants and Families with Disabilities			<u>149,828</u>
Total U.S. Department of Education			149,828
<u>U.S. Department of Health and Human Services</u>			
<i>Direct from the Federal Government:</i>			
Maternal and Child Health Federal Consolidated Programs	6 H1D MC 00502-01-01	93.110	19,970
<i>Passed Through Ohio Department Health:</i>			
Abstinence Education	60-1-01-F-CS	93.235	21,554
	60-1-001-4-CS-02	93.235	34,365
	60-1-001-4-CS-03	93.235	<u>10,978</u>
Total Abstinence Education			66,897
<i>Passed Through Ohio Department of Job and Family Services and Muskingum County Department of Job and Family Services:</i>			
Temporary Assistance for Needy Families	Not available	93.558	742,143
State Children's Insurance Program (SCHIP)	Not available	93.767	<u>2,085</u>
Total U.S. Department of Health and Human Services			<u>831,095</u>
Total Federal Awards Receipts and Expenditures			<u><u>\$980,923</u></u>

The accompanying Notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.

**MUSKINGUM FAMILY & CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Muskingum County Family and Children First Council's (the Council) federal awards programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The Council passes-through the Wellness portion of the Federal Temporary Assistance to Needy Families funding received from United States Department of Health and Human Services to certain not-for-profit agencies (subrecipients). As described in Note A, the Council records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under OMB Circular A-133, the Council is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.



**Auditor of State
Betty Montgomery**

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

Muskingum Family & Children First Council
Muskingum County
526 Putnam Avenue
PO Box 2475
Zanesville, Ohio 43701

To the Council:

We have audited the accompanying financial statement of the Muskingum Family & Children First Council, Muskingum County, Ohio (the Council), as of and for the year ended December 31, 2002, and have issued our report thereon dated December 4, 2003. We conducted our audit in accordance with 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.

Compliance

As part of obtaining reasonable assurance about whether the Council's financial statement is free of material misstatement, we performed tests of its 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 Reporting

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 December 4, 2003.

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

This report is intended solely for the information and use of the audit committee, management and the Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 4, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Muskingum Family & Children First Council
Muskingum County
526 Putnam Avenue
PO Box 2475
Zanesville, Ohio 43701

To the Council:

Compliance

We have audited the compliance of the Muskingum Family & Children First Council, Muskingum County, Ohio (the Council), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The Council's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

As described in item 2002-001 in the accompanying Schedule of Findings, the Council did not comply with requirements regarding an annual single audit being performed that is applicable to its Temporary Assistance to Needy Families Grant and other nonmajor programs. Compliance with such requirements is necessary, in our opinion, for the Council to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Council complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002. We also noted an instance of noncompliance that does not require inclusion in this report that we have reported to management of the Council in a separate letter dated December 4, 2003.

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Internal Control over Compliance

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the Council's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. A reportable condition is described in the accompanying Schedule of Findings as item 2002-001.

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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance 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 do not believe the reportable condition described above is a material weakness. We also noted a matter involving the internal control over federal compliance that does not require inclusion in this report that we have reported to management of the Council in a separate letter dated December 4, 2003.

This report is intended for the information and use of the audit committee, management, the Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 4, 2003

**MUSKINGUM FAMILY & CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Temporary Assistance to Needy Families, CFDA No. 93.558
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

No findings to report.

**MUSKINGUM FAMILY & CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2002
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2002-001
CFDA Title and Number	Temporary Assistance to Needy Families CFDA No. 93.558
Federal Award Number / Year	Not provided
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services and Muskingum County Department of Job and Family Services

Noncompliance Finding and Reportable Condition

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart D, § 400 (d) requires, in part, that a pass-through entity shall identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award. Subpart C, § 300 (a) requires the auditee to identify in its accounts, all Federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity. Furthermore, Subpart B, § 200 (a) and § 220 provide that non-federal entities that expend \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in a year in Federal awards shall have a single or program-specific audit conducted and that these audits shall be performed annually. Subpart C, § 300 (e) requires the auditee to ensure that the audits required by this part are properly performed and submitted when due.

The Council entered into several social service contracts with the Muskingum County Department of Jobs and Family Services for various services including social services for Help Me Grow/Early Start Expansion, Networks, Quality Day Care, Wellness, Medicaid Outreach and Creative Options. These contracts did not provide the required information identifying the sources of funding. Since the Council was not provided with adequate information identifying various sources of funding as federal, certain federal funds were not identified as federal receipts and disbursements in the Council's accounting system. As a result, the Council did not request, and the Auditor of State did not perform, an annual federal single audit for the year ended December 31, 2001 that was completed within 9 months after the end of the audit period. The Council was also not able to identify the source of certain funding received and expended during 2002. Once auditors obtained additional information, it was determined that the Council did expend in excess of \$300,000 in federal funds during each 2001 and 2002 and the scope of the audits were modified to meet single audit requirements.

We recommend that prior to accepting funds from any agency, the Council obtain a statement from that agency indicating whether the funds to be accepted are from a federal source. The Council should then properly identify all funding in its accounting system, prepare an accurate and complete schedule of federal awards expenditures, make an assessment as to whether a single audit will be necessary and notify the Auditor of State as to whether an annual single audit will be necessary.

**MUSKINGUM FAMILY & CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2002**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-001	The Council will require identification of the source of funding to be used in all contracts. The Council will properly track all funding in its accounting system based upon the source. The Council will prepare an accurate and complete federal schedule each year, evaluate the need for a single audit and arrange to have an appropriate audit performed in a timely manner.	Effective with all new contracts/ grants.	Kathy McLeish, Process Coordinator

**MUSKINGUM FAMILY & CHILDREN FIRST COUNCIL
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <i>Explain:</i>
2001-001	The Council did properly identify various sources of funding as federal which resulted in the single audit for 2001 to not be timely.	No	The finding was reissued as Finding Number 2002-001.



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MUSKINGUM COUNTY 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
JANUARY 20, 2004**