



**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002**



**Auditor of State  
Betty Montgomery**



**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Cuyahoga County Family and Children First Council  
Cuyahoga County  
112 Hamilton Avenue, Room 600  
Cleveland, Ohio 44114

We have audited the accompanying financial statements of the Cuyahoga County Family and Children First Council, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 2003 and December 31, 2002. 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 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 described in Note 2, the Council prepares its financial statements 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 statements referred to above present fairly, in all material respects, the combined fund cash balances of the Cuyahoga County Family and Children First Council, Cuyahoga County, Ohio, as of December 31, 2003 and December 31, 2002, 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 our report dated May 12, 2004 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.

We conducted our audit to form an opinion on the financial statements that collectively comprise the Council's financial statements. The accompanying federal awards expenditure schedules are required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the financial statements. We subjected the federal awards expenditure schedules to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Audit Committee, Council Members, 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

May 12, 2004

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$20,000	\$2,909,390	\$2,929,390
Local Agency Contributions	0	2,754,047	2,754,047
Distributions from Other County Agencies	4,310,440	9,596	4,320,036
Miscellaneous	11,821	58,831	70,652
	<u>4,342,261</u>	<u>5,731,864</u>	<u>10,074,125</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries/Benefits	270,314	184,864	455,178
Travel/Expenses	4,057	4,900	8,957
Printing	6,926	432	7,358
Equipment	452	0	452
Office Supplies/Postage	8,492	2,355	10,847
Data Processing	22,716	1,167	23,883
Contracted Services	196,290	7,331,574	7,527,864
Distribution to Other Agencies	0	1,353,926	1,353,926
Other	121,823	22,465	144,288
	<u>631,070</u>	<u>8,901,683</u>	<u>9,532,753</u>
Total Cash Disbursements	<u>631,070</u>	<u>8,901,683</u>	<u>9,532,753</u>
Total Receipts Over/(Under) Disbursements	<u>3,711,191</u>	<u>(3,169,819)</u>	<u>541,372</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In	0	3,657,101	3,657,101
Transfers-Out	(3,657,101)	0	(3,657,101)
	<u>(3,657,101)</u>	<u>3,657,101</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	<u>(3,657,101)</u>	<u>3,657,101</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	54,090	487,282	541,372
Fund Cash Balances, January 1, 2003	<u>174,691</u>	<u>6,383,076</u>	<u>6,557,767</u>
<b>Fund Cash Balances, December 31, 2003</b>	<b><u>\$228,781</u></b>	<b><u>\$6,870,358</u></b>	<b><u>\$7,099,139</u></b>

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

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
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>	
<b>Cash Receipts:</b>			
Intergovernmental	\$20,000	\$2,454,251	\$2,474,251
Local Agency Contributions	0	2,440,235	2,440,235
Distributions from Other County Agencies	2,338,848	0	2,338,848
Miscellaneous	1,047	232	1,279
	<u>2,359,895</u>	<u>4,894,718</u>	<u>7,254,613</u>
<b>Total Cash Receipts</b>			
	<u>2,359,895</u>	<u>4,894,718</u>	<u>7,254,613</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries/Benefits	312,630	116,718	429,348
Travel/Expenses	1,897	86	1,983
Printing	6,854	0	6,854
Equipment	686	0	686
Office Supplies/Postage	9,229	1,025	10,254
Data Processing	11,687	0	11,687
Contracted Services	275,938	6,136,987	6,412,925
Other	13,225	57,586	70,811
	<u>632,146</u>	<u>6,312,402</u>	<u>6,944,548</u>
<b>Total Cash Disbursements</b>			
	<u>632,146</u>	<u>6,312,402</u>	<u>6,944,548</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>1,727,749</u>	<u>(1,417,684)</u>	<u>310,065</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In	0	2,145,000	2,145,000
Transfers-Out	(2,145,000)	0	(2,145,000)
	<u>(2,145,000)</u>	<u>2,145,000</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(2,145,000)</u>	<u>2,145,000</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(417,251)</u>	<u>727,316</u>	<u>310,065</u>
<b>Fund Cash Balances, January 1, 2002</b>	<u>591,942</u>	<u>5,655,760</u>	<u>6,247,702</u>
<b>Fund Cash Balances, December 31, 2002</b>	<u><u>\$174,691</u></u>	<u><u>\$6,383,076</u></u>	<u><u>\$6,557,767</u></u>

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



**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**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 human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to Section 5153.15, 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 will 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, 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 interest of the families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the councils remaining membership.

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

A county family and children first council may invite any other 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 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 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";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes; and
- 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**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**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. The Council classifies its funds into the following types:

**1. General Fund**

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

*Intergovernmental Receipts* – Funds received from the Administration Grant.

*Distributions from Other County Agencies* – Funds received from Cuyahoga County.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Fund:

*Early Childhood Initiative* – Part of the funds are passed through the Ohio Department of Health, and part are received from local agency contributions and private donations.

**C. Administrative Agent**

The Cuyahoga County Board of Commissioners is the administrative agent for the Council.

**D. Fiscal Agent**

The Cuyahoga County Board of Commissioners serves as the fiscal agent for the Council's general and special revenue funds. The Cuyahoga County Auditor is the fiscal agent for the Cuyahoga County Board of Commissioners. The Council's fund is maintained in a separate special revenue fund at the County.

**E. Contracted Services**

From the general fund, employees of the Council are paid salaries which are processed by the Cuyahoga County payroll system. The funds used to pay the salaries are derived from support from the Board of County Commissioners maintained in the general fund along with other grant monies received by the Council and maintained in a County general fund. Additionally, the Early Childhood Initiative grant provides administrative salary support. The County Auditor issues an IRS form W-2 to the Council employees at year-end.

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

The Cuyahoga County Treasurer maintains a cash pool used by all of the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County Treasurer as of December 31, 2003 and December 31, 2002 was \$7,099,139 and \$6,557,767, respectively. Cuyahoga County, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

**4. RETIREMENT SYSTEMS**

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OPERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Council has paid all contributions required through December 31, 2003.

**5. CONTINGENCY**

Per the grant agreement with the Ohio Department of Mental Health, all State and Federal Family Stability Incentive Funds received, were to be expended as of September 30, 1999. All remaining funds were to be remitted to the Ohio Department of Mental Health. As of December 31, 2003, \$1,026,083 was unexpended. The Council contends that it has met the grant guidelines.

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2003**

<b>Federal Grantor Pass-Through Grantor Program or Cluster Title</b>	<b>Pass Through Entity Identifying Number</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>	<b>Federal Receipts</b>
<b>U.S. Department of Education</b>				
<i>Passed Through the Ohio Department of Health</i>				
Grants for Infants & Families with Disabilities Total U.S. Department of Education	18-1-002-I-EG-2003	84.181	\$1,931,836 <u>1,931,836</u>	\$1,687,784 <u>1,687,784</u>
<b>U.S. Department of Health &amp; Human Services</b>				
<i>Passed Through the Ohio Department of Health</i>				
Consolidated Knowledge Development & Application Program Total U.S. Department of Health & Human Services	6U-79-17-13332-01-1	93.230	22,392 <u>22,392</u>	0 <u>0</u>
<b>U.S. Department of Justice</b>				
<i>Passed Through the Ohio Office of Criminal Justice Services</i>				
Juvenile Justice and Delinquency Prevention: Allocation to States Total U.S. Department of Justice	2002-JJ-RPU-0795	16.540	71,786 <u>71,786</u>	0 <u>0</u>
<b>Total Federal Assistance</b>			<b><u><u>\$2,026,014</u></u></b>	<b><u><u>\$1,687,784</u></u></b>

Notes to the Schedule of Federal Awards Expenditures

CFDA - Catalog of Federal Domestic Assistance

*This schedule is prepared on the cash basis of accounting.*

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2002**

<u>Federal Grantor Pass-Through Grantor Program or Cluster Title</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Federal Receipts</u>
<b>U.S. Department of Education</b>				
<i>Passed Through the Ohio Department of Health</i>				
Grants for Infants & Families with Disabilities	18-1-002-I-EG-02	84.181	\$761,892	\$1,047,434
Total U.S. Department of Education			<u>761,892</u>	<u>1,047,434</u>
<b>U.S. Department of Health &amp; Human Services</b>				
<i>Passed Through the Ohio Department of Mental Health</i>				
Promoting Safe & Stable Families	N/A	93.556	35,932	0
Total U.S. Department of Health & Human Services			<u>35,932</u>	<u>0</u>
<b>Total Federal Assistance</b>			<u><u>\$797,824</u></u>	<u><u>\$1,047,434</u></u>

Notes to the Schedule of Federal Awards Expenditures

CFDA - Catalog of Federal Domestic Assistance

N/A - not available

*This schedule is prepared on the cash basis of accounting.*



## **Auditor of State Betty Montgomery**

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

Council Members  
Cuyahoga County Family and Children First Council  
Cuyahoga County  
112 Hamilton Avenue, Room 600  
Cleveland, Ohio 44114

We have audited the financial statements of the Cuyahoga County Family and Children First Council, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated May 12, 2004. 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 statements are 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as item 2003-002.

#### **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. 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 judgment, 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. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 2003-001.

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 do not believe the reportable condition described above is 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 12, 2004.

This report is intended for the information and use of management, the Audit Committee, and Council Members, 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

May 12, 2004





## Auditor of State Betty Montgomery

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

Council Members  
Cuyahoga County Family and Children First Council  
Cuyahoga County  
112 Hamilton Avenue, Room 600  
Cleveland, Ohio 44114

#### Compliance

We have audited the compliance of the Cuyahoga County Family and Children First Council, Cuyahoga 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 years ended December 31, 2003 and 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 and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of 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 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.

However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2003-002 and 2003-003.

#### Internal Control Over Compliance

The management of 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.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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. The reportable condition is described in the accompanying schedule of findings as item 2003-003.

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 believe the reportable condition described above is not a material weakness.

This report is intended for the information and use of management, the Audit Committee, Council Members, 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

May 12, 2004

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY  
DECEMBER 31, 2003 AND DECEMBER 31, 2002**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 §.505**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Grants for Infants & Families with Disabilities, CFDA #84.181
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY  
DECEMBER 31, 2003 AND DECEMBER 31, 2002**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 §.505  
(CONTINUED)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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	<b>2003-001</b>
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During our review of the trial balances prepared by the Council, we noted the following:

- The trial balances did not foot or crossfoot,
- Beginning fund balances did not match prior year ending fund balances or Cuyahoga County Auditor's reports,
- Transfers-in did not equal transfers-out, and
- The revenues and expenditures listed on the trials did not agree to the detail revenue and disbursement ledgers provided by their Fiscal Agent, Cuyahoga County.

Due to the issues noted above, 24 audit adjustments were proposed.

We recommend the Council exercise due care when maintaining adequate support documentation, preparing trial balances, and review and utilize reports from the Cuyahoga County Auditor.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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Questioned Costs	\$1,026,083
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**Family Stability Incentive Funds**

<b>Finding Number</b>	2003-002
<b>CFDA Title and Number</b>	Promoting Safe & Stable Families, 93.556
<b>Federal Award Number / Year</b>	NA/1999
<b>Federal Agency</b>	U.S. Department of Health & Human Services
<b>Pass-Through Agency</b>	Ohio Department of Mental Health

In accordance with Section IV B, Fiscal Responsibilities, of the fiscal year 1999 Family Stability Incentive Funds grant agreement with the Ohio Department of Mental Health and 45 CFR92.23, liquidation of obligations, all Promoting Safe and Stable Families Funds and matching funds received after July 1, 1998 must be liquidated by September 30, 1999. All remaining funds must be remitted to the Ohio Department of Mental Health, the grantor. As of the prior audit for the year ended December 31, 2001 and as of December 31, 2003, the Council had an unliquidated balance of \$1,061,784 and \$1,026,083, respectively, which has not been remitted to the grantor. In May 2004, the Council sent a letter to the Ohio Department of Mental Health outlining potential adjustments to the above grant expenditures dating back to 1996. Written communication has not been received from the grantor agency allowing these proposed expenditure adjustments. If the grantor deems these adjustments allowable, the Council would be subject to federal single audit requirements which would necessitate an audit of these expenditures for fiscal years beginning January 1, 1996 through December 31, 2001. The Auditor of State's Office has not performed a federal single audit for 1999, 2000, or 2001 and the audits conducted for 1996, 1997, and 1998 did not include these proposed adjustments. Therefore we have no knowledge of these expenditures and will not provide any assurance as to the allowability or validity of the transactions. Consequently, we question the \$1,026,083 unliquidated fund balance based upon the Council's failure to liquidate the fund balance in compliance with the grant award agreement and 45 CRF92.23-liquidation of obligations.

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 §.505  
(CONTINUED)**

<b>3. FINDINGS FOR FEDERAL AWARDS (Continued)</b>
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**Annual Single Audit**

<b>Finding Number</b>	2003-003
<b>CFDA Title and Number</b>	Grants for Infants & Families with Disabilities, 84.181
<b>Federal Award Number / Year</b>	18-1-002-I-EG-02
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Health

Reportable Condition

OMB Circular A-133 Sections .105, .200(a), and .320, require all entities expending \$300,000 or more in federal awards to have an annual single audit. The annual reporting package includes the data collection form, financial statements and schedule of federal awards expenditures, summary schedule of prior audit findings, auditor's reports, and corrective action plan. The reporting package must be submitted to the federal clearinghouse within, the earlier of 30 days after release of auditor's report or nine months after the end of the audit period.

In 2002, the Council expended \$797,824 of federal awards, which required them to have a single audit. The Council did not report to the State Auditor's Office that they had over \$300,000 in federal expenditures in 2002. Therefore, the 2002 federal single audit was not completed until the 2003 federal single audit was performed.

We recommend the Council notify the State Auditor's Office if they are required to have federal single audit. In addition, effective for the fiscal year ended December 31, 2004, the federal expenditure threshold requiring a federal single audit has increased to \$500,000 of federal expenditures in a fiscal year.

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**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
 CUYAHOGA COUNTY  
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**SCHEDULE OF PRIOR AUDIT FINDINGS  
 OMB CIRCULAR A -133 §.315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-001	Period of Availability	No	Not Corrected, see Finding 2003-002

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
 CUYAHOGA COUNTY  
 DECEMBER 31, 2003 and DECEMBER 31, 2002**

**CORRECTIVE ACTION PLAN  
 OMB CIRCULAR A -133 §.315 (c)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2003-002	The Council will provide the Ohio Department of Mental Health all supporting documentation necessary to support the adjustments made by the Council.	2004	Lisa Bottoms, Executive Director
2003-003	The Council will notify the State Auditor's Office if they have \$300,000 or more in federal expenditures in a fiscal year.	2004	Lisa Bottoms, Executive Director





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**CUYAHOGA 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  
JULY 1, 2004**