



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Montgomery County Family and Children First Council
Montgomery County
451 West Third Street
Dayton, Ohio 45422

To Members of the Council:

We have audited the accompanying financial statements of the Montgomery County Family and Children First Council, (the Council), as of and for the years ended December 31, 2003 and 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 discussed 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 Montgomery County Family and Children First Council as of December 31, 2003 and 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 November 5, 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 performed our audit to form an opinion on the financial statements of the Council, taken as a whole. The accompanying schedules 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 and, in our opinion, 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 the Resource Management Committee, management, 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

November 5, 2004

**MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Federal awards		\$3,076,394	\$3,076,394
Intergovernmental	\$332,000	489,079	821,079
Contributions	53,000		53,000
Miscellaneous	20,001		20,001
Total Cash Receipts	<u>405,001</u>	<u>3,565,473</u>	<u>3,970,474</u>
Cash Disbursements:			
Personal Services	197,341		197,341
Fringe Benefits	52,678		52,678
Supplies and Materials	7,106		7,106
Professional Services	26,978		26,978
Intergovernmental Disbursements		4,306,775	4,306,775
Capital Outlay	41,775		41,775
Other	32,312		32,312
Total Disbursements	<u>358,190</u>	<u>4,306,775</u>	<u>4,664,965</u>
Total Receipts Over/(Under) Disbursements	<u>46,811</u>	<u>(741,302)</u>	<u>(694,491)</u>
Fund Cash Balances, January 1	<u>1,107,146</u>	<u>365,765</u>	<u>1,472,911</u>
Fund Cash Balances, December 31	<u>\$1,153,957</u>	<u>(\$375,537)</u>	<u>\$778,420</u>

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

**MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Federal awards		\$3,161,388	\$3,161,388
Intergovernmental	\$432,000	586,290	1,018,290
Contributions	132,500		132,500
Miscellaneous	20,000		20,000
Total Cash Receipts	<u>584,500</u>	<u>3,747,678</u>	<u>4,332,178</u>
Cash Disbursements:			
Personal Services	200,545		200,545
Fringe Benefits	61,739		61,739
Supplies and Materials	10,846		10,846
Professional Services	42,563		42,563
Intergovernmental Disbursements		4,137,477	4,137,477
Capital Outlay	60,599		60,599
Other	50,848		50,848
Total Disbursements	<u>427,140</u>	<u>4,137,477</u>	<u>4,564,617</u>
Total Receipts Over/(Under) Disbursements	<u>157,360</u>	<u>(389,799)</u>	<u>(232,439)</u>
Fund Cash Balances, January 1	<u>949,786</u>	<u>755,564</u>	<u>1,705,350</u>
Fund Cash Balances, December 31	<u><u>\$1,107,146</u></u>	<u><u>\$365,765</u></u>	<u><u>\$1,472,911</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY**

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

1. DESCRIPTION OF THE ENTITY

Ohio Revised Code Section 121.37 created the Ohio Family and Children First Cabinet Council which permitted counties to establish county family and children first councils. Under this section of Revised Code, Montgomery County established the Montgomery County Family and Children First Council (the Council). Statutory membership of a county council consists of the following individuals:

- a. At least three individuals whose families are or have received services from an agency which is represented on the council. If possible, twenty per cent of the council's membership should consist of members representing families;
- b. The director of the community mental health board;
- c. The director of the county ADAMH board. For counties served by a joint ADAMH board, the joint board's director must designate a member to participate on the county's council;
- d. A representative from each city board of health and general health district in the county. If there are more than two health districts, then the membership is limited to the commissioners of the two districts with the largest populations;
- e. The director of the county department of human services;
- f. The executive director of the county children's services board;
- g. The superintendent for the county board of MRDD;
- h. The administrative or the judge senior in service or his designee for the county's juvenile court;
- i. The superintendent of the city, exempted village, or local school district with the largest numbers of pupils residing in the county;
- j. The school superintendent representing all other school districts within the territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- k. A representative of the municipal corporation with the largest population in the county;
- l. The chair of the board of county commissioners, or a designee;
- m. A representative of the regional office of the Ohio Department of Youth Services;
- n. A representative of the county's head start agencies, as defined in section 3301.11 of the Ohio Revised Code;
- o. A representative of the county's early intervention collaborative;
- p. A representative of the local nonprofit entity that funds, advocates or provides services to children and families.

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

**FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY**

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

1. DESCRIPTION OF ENTITY (Continued)

See Opinion 2002-9 from the Ohio Supreme Court's Board of Commissioners on Grievances and Discipline. This states "...the Board advises that under Canon 4(C)(2) of the Ohio Code of Judicial Conduct, a judge should not serve as an appointed member of a County Family and Children First Council. A County Family and Children First Council is a government entity that is directly concerned with issues of fact or policy on matter other than the improvement of the law, the legal system, or the administrative of justice." 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 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;
- f. Establish a mechanism to ensure ongoing input from a board representation of families who are receiving services within the county system.

2. SUMMARY OF SIGNIFICANT ACCOUNT 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 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 of the Council. It is used to account for all financial resources, except those required by law or contract to be restricted. During the periods ended December 31, 2003 and 2002, the General Fund had the following significant source of funding:

Intergovernmental Receipts – Funds received from the administrative portion of the County's Human Services Levy.

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 maintains a separate special revenue fund for each program which is awarded to the Council that is either entirely or partially funded from federal or state sources. During 2003 and 2002, Ohio Wellness Program (local, state-discretionary TANF) and Help Me Grow Grant (State Grant) were awarded to the Council.

C. Fiscal Agent

The Board of County Commissioners is the administrative agent for the entity's grants, while the Montgomery County Auditor's Office is the fiscal agent. During 2003 and 2002, the following grants were received, of which the County Auditor was the designated fiscal agent: Human Services Levy (administrative portion), Wellness Grant, and Help Me Grow Grant.

D. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid and are not reflected as assets on the accompanying financial statements. During 2003 and 2002, the Council made capital purchases of \$7,259 and \$37,485 respectively.

E. Council Administrator

Council employs an administrator to manage the activities of the Council on a day to day basis. The salaries of Council employees are processed by the Montgomery County Auditor's payroll system. Funds used to pay the salaries are derived from the Human Services Levy (administrative portion), and local agency contributions received by the Council. The County issues an IRS form W-2 to these employees at year end.

**FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Grant Sub-recipients

During fiscal years 2003 and 2002, the Council was awarded multiple grants of which were passed through to other entities. The Council passed the Help Me Grow Grants on to sub-recipient, the Montgomery County Educational Service Center and the Montgomery County Combined Health District. These grants are presented as Intergovernmental Receipts and Intergovernmental Disbursements on the Council's financial statement to reflect the pass-through of this money.

G. Budgetary Process

The Council must annually file a budget with its administrative agent.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Council uses.

3. EQUITY IN POOLED CASH

The Montgomery County Treasurer maintains a cash pool used by all of the County's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments.

The Montgomery County Treasurer, is responsible for maintaining adequate depository collateral for all funds in Montgomery County's pooled and deposit accounts. The Council's carrying amount of cash on deposit with Montgomery County at December 31, 2003 was \$ 778,420, and at December 31, 2002 was \$1,472,911.

4. DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System

The Council employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. 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. OPER's members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries. The Council has paid all contributions required through December 31, 2003.

**FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY**

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

5. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 were as follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipt</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 458,000	\$ 405,001	\$ (52,999)
Special Revenue	<u>3,896,301</u>	<u>3,565,473</u>	<u>(330,828)</u>
	<u>\$4,354,301</u>	<u>\$3,970,474</u>	<u>\$(383,827)</u>

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipt</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 558,000	\$ 584,500	\$ 26,500
Special Revenue	<u>3,870,786</u>	<u>3,747,678</u>	<u>(123,108)</u>
	<u>\$4,428,786</u>	<u>\$4,332,178</u>	<u>\$(96,608)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 447,225	\$ 358,190	\$ 89,035
Special Revenue	<u>3,870,786</u>	<u>4,306,775</u>	<u>(435,989)</u>
	<u>\$4,318,011</u>	<u>\$4,664,965</u>	<u>\$(346,954)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 501,164	\$ 427,140	\$ 74,024
Special Revenue	<u>3,870,786</u>	<u>4,137,477</u>	<u>(266,691)</u>
	<u>\$4,371,950</u>	<u>\$4,564,617</u>	<u>\$(192,667)</u>

The Council receives financial assistance from federal and state agencies in the form of grants. These grants require the Council to expend monies and submit to the respective grantor agencies a request for reimbursement. This process may produce negative fund balances and/or unfavorable budgetary variances in the Special Revenue funds.

**MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Health</i>			
Special Education _ Grants for Infants and Families with Disabilities (Help Me Grow - Part C)	5710021EG03	84.181	\$309,870
	5710021EG04		244,714
			<hr/>
Total United States Department of Education			<hr/> 554,584
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Job and Family Services and Passed Through Montgomery County Department of Job and Family Services</i>			
TANF - Wellness Program	SFY03	93.558	352,386
TANF - Wellness Program	SFY04		154,418
TANF - Help Me Grow Program	SFY03		1,713,937
TANF - Help Me Grow Program	SFY04		1,027,932
			<hr/>
Total United States Department of Health and Human Services			<hr/> 3,248,673
Total Federal Assistance			<hr/> \$3,803,257 <hr/>

The accompanying notes to this schedule are an integral part of this schedule.

**MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY 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
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Health</i>			
Special Education _ Grants for Infants and Families with Disabilities (Help Me Grow - Part C)	5710021EG02	84.181	\$184,605
	5710021EG03		553,194
			<hr/>
Total United States Department of Education			<u>737,799</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Job and Family Services and Passed Through Montgomery County Department of Job and Family Services</i>			
TANF - Wellness Program	SFY02	93.558	418,177
TANF - Wellness Program	SFY03		198,096
TANF - Help Me Grow Program	SFY02		1,554,084
TANF - Help Me Grow Program	SFY03		449,621
			<hr/>
Total United States Department of Health and Human Services			<u>2,619,978</u>
Total Federal Assistance			<u><u>\$3,357,777</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Council's federal award programs. The schedule has been 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*

Montgomery County Family and Children First Council
Montgomery County
451 West Third Street
Dayton, Ohio 45422

To the Members of Council:

We have audited the financial statements of the Montgomery County Family and Children First Council, (the Council), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated November 5, 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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 we must report under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the Council's management in a separate letter dated November 5, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting 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.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Montgomery County Family and Children First Council
Montgomery 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 Resource Management Committee, management, 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

November 5, 2004



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

Montgomery County Family and Children First Council
Montgomery County
451 West Third Street
Dayton, Ohio 45422

To the Members of Council:

Compliance

We have audited the compliance of the Montgomery County Family and Children First Council, (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 programs for the years ended December 31, 2003 and 2002. The Council's major federal programs are 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 programs 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.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 2003-001.

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.

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. 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Resource Management Committee, management, 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

November 5, 2004

**MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002
OMB CIRCULAR A -133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified for both years (December 31, 2003 and 2002)
(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 – for the year ended December 31, 2002.
(d)(1)(v)	Type of Major Programs Compliance Opinion	Unqualified for both years (December 31, 2003 and 2002)
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes – for the year ended December 31, 2002.
(d)(1)(vii)	Major Programs (list):	Both major programs for the years ended December 31, 2003 and 2002: CFDA # 93.558 – Temporary Assistance to Needy Families (TANF); CFDA #84.181 – Special Education – Grants for Infants and Families with Disabilities
(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**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2003-001
CFDA Title and Number	84.181 and 93.558
Federal Award Number / Year	2002
Federal Agency	United States Department of Education and United States Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health, Ohio Department of Job and Family Services, and Montgomery County Department of Job and Family Services

Non-Compliance – OMB Circular A-133 Audit Determination

OMB Circular A-133, Subpart C, §.300, requires local governments receiving federal financial assistance to identify, in their accounting records, all federal funds received and expended and the programs under which they were received.

The Council failed to identify the total amount of federal expenditures disbursed in fiscal year 2002. This resulted in the Council not identifying the \$300,000 federal expenditure threshold was exceeded, and not having a required OMB Circular A-133 Single Audit be performed for fiscal year 2002.

To identify these transactions in a more timely and complete fashion, the Council should assign each federal grant a separate grant code and each federal grant project year a separate special cost center. This will specifically identify federal receipts and expenditures that can be agreed to the programs under which they were received. The Council should also coordinate this effort with the individual project director responsible for accounting for federal grant monies.



**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

**MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY 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
DECEMBER 7, 2004**