



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

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**Auditor of State
Betty Montgomery**

Family and Children First Council
Marion County
125 Executive Drive, Suite 100
Marion, Ohio 43302

To the Family and Children First Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 31, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Marion County
125 Executive Drive, Suite 100
Marion, Ohio 43302

To the Family and Children First Council:

We have audited the accompanying financial statements of the Family and Children First Council, Marion County, Ohio, (the Council) as of and for the years ended December 31, 2004, and December 31, 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since this Council does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Family and Children First Council, Marion County, Ohio, as of December 31, 2004, and December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the year ended December 31, 2004. The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2005, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the financial statements. The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* require presenting the schedule of federal awards expenditures. The schedule is not a required part of the financial statements. We subjected the schedule of federal awards expenditures 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.



Betty Montgomery
Auditor of State

August 31, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$120,636	\$448,933	\$569,569
Other	8,391	0	8,391
	<u>129,027</u>	<u>448,933</u>	<u>577,960</u>
Cash Disbursements:			
Salaries	55,834	0	55,834
Retirement	7,248	0	7,248
Medicare	786	0	786
Workers' Compensation	367	5	372
Unemployment Benefits	1,574	0	1,574
Insurance	8,293	0	8,293
Administrative Services	0	55,337	55,337
Contract Services	10,697	410,975	421,672
Other Expenses	23,344	0	23,344
	<u>108,143</u>	<u>466,317</u>	<u>574,460</u>
Total Cash Receipts Over/(Under) Cash Disbursements	20,884	(17,384)	3,500
Fund Cash Balances, January 1	<u>9,425</u>	<u>58,309</u>	<u>67,734</u>
Fund Cash Balances, December 31	<u>\$30,309</u>	<u>\$40,925</u>	<u>\$71,234</u>
Reserve for Encumbrances, December 31	<u>\$3,535</u>	<u>\$33,100</u>	<u>\$36,635</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
MARION 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$45,258	\$496,964	\$542,222
 Total Cash Receipts	45,258	496,964	542,222
Cash Disbursements:			
Salaries	49,375	1,822	51,197
Retirement	5,647	1,080	6,727
Medicare	565	26	591
Workers' Compensation	215	188	403
Unemployment Benefits	3,167	0	3,167
Insurance	5,936	0	5,936
Administrative Services	0	6,751	6,751
Contract Services	9,095	491,849	500,944
Other Expenses	20,191	757	20,948
 Total Cash Disbursements	94,191	502,473	596,664
Total Cash Receipts Under Cash Disbursements	(48,933)	(5,509)	(54,442)
Other Financing Receipts and (Disbursements):			
Transfers-In	8,566	0	8,566
Transfers-Out	0	(8,566)	(8,566)
Total Other Financing Receipts/(Disbursements)	8,566	(8,566)	0
 Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	(40,367)	(14,075)	(54,442)
 Fund Cash Balances, January 1	49,792	72,384	122,176
 Fund Cash Balances, December 31	\$9,425	\$58,309	\$67,734
 Reserve for Encumbrances, December 31	\$1,230	\$31,628	\$32,858

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

**FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37 of the Ohio 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 health board, the director 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 of the Ohio Revised Code;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The county's juvenile court judge senior in service;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest population in the county;
- j. The chair of the board of county commissioners or an individual designated by the board;
- k. A representative from the regional office of the Ohio Department of Youth Services;
- l. A representative of the county's head start agencies, as defined in section 3301.31 of the Ohio 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";

**FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

- n. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty per cent of the council's remaining membership;
- o. A representative of the local nonprofit entity that funds, advocates, or provides services to children and families.

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.

B. Basis of Accounting

This financial statement follows the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Council recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

The Council uses fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Wellness Block Grant Fund – This fund receives grant money to provide community based programs of prevention services to reduce the rate of births to teens and to develop programs for child abuse and neglect prevention.

Help Me Grow Fund – This fund receives grant money to provide services for expectant parents; newborns and their families; and infants and toddlers at risk for or with developmental delays and disabilities and their families. Activities include direct services, public and provider awareness, centralized intake and referral, and procedural safeguards for families.

D. Administrative and Fiscal Agent

Marion County is the Council's fiscal and administrative agent. Council monies are maintained in separate funds at the county.

E. Budgetary Process

The Ohio Revised Code requires the Council to submit a budget annually to its administrative agent, the county auditor, and the board of county commissioners. The Council adopted a budget at the object level.

The Council follows the same encumbrance method of accounting as its administrative agent.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Council records disbursements for acquisitions of property, plant, and equipment when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Council.

**FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH

Marion County 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 Council's carrying amount of cash on deposit with the County at December 31, 2004, and December 31, 2003, was \$71,234 and \$67,734, respectively. Marion 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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2004, and 2003, follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,227	\$129,027	\$18,800
Special Revenue	448,933	448,933	0
Total	<u>\$559,160</u>	<u>\$577,960</u>	<u>\$18,800</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$119,197	\$111,678	\$7,519
Special Revenue	503,542	499,417	4,125
Total	<u>\$622,739</u>	<u>\$611,095</u>	<u>\$11,644</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,824	\$53,824	\$0
Special Revenue	496,964	496,964	0
Total	<u>\$550,788</u>	<u>\$550,788</u>	<u>\$0</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$102,088	\$95,421	\$6,667
Special Revenue	569,349	542,667	26,682
Total	<u>\$671,437</u>	<u>\$638,088</u>	<u>\$33,349</u>

**FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. RETIREMENT SYSTEMS

State Teachers Retirement System

The Council Director contributed to the State Teachers Retirement System of Ohio (STRS) from January through April, 2003. STRS is a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements are required supplementary information for STRS.

The Director contributed 9.3% of her salary, and the Council contributed an amount equal to 14% of her gross wages. The Council has paid all contributions required through April, 2003.

Public Employees Retirement System

Other Council employees, including the Director beginning in May 2003, belong to the Public Employees Retirement System of Ohio (PERS). PERS is a cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, the PERS 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 required contributions through December 31, 2004.

5. RISK MANAGEMENT

The Council is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004 and 2003, the County's insurance through the County Risk Sharing Authority (CORSA) provided for all property and general liability insurance.

CORSA provides property, general liability, automobile, crime, inland marine, and equipment insurance coverage for the County as follows:

Property	\$83,175,818
General Liability	1,000,000
Commercial Crime	1,000,000
Food Stamp (Debit Card System)	1,000,000
Boiler and Machinery	5,000,000
Excess Liability	5,000,000
Automobile Liability	1,000,000
Police Professional Liability	1,000,000

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FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY

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

FEDERAL GRANTOR/ <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through the Ohio Department of Health</i>			
Special Education Grants for Infants and Families with Disabilities	51-1-002-1-EG-03	84.181	\$74,385
Total U.S. Department of Education			<u>74,385</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through the Ohio Department of Job & Family Services</i>			
Temporary Assistance for Needy Families	31-6400076	93.558	343,318
Total U.S. Department of Health and Human Services			<u>343,318</u>
TOTAL FEDERAL AWARDS			<u><u>\$417,703</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

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

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B— SUBRECIPIENTS

The Council passes-through certain Federal assistance received from the Ohio Department of Health and the Ohio Department of Job and Family Services to other governments or 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 Federal Circular A-133, the Board 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 INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Family and Children First Council
Marion County
125 Executive Drive, Suite 100
Marion, Ohio 43302

To the Family and Children First Council:

We have audited the financial statements of the Family and Children First Council, Marion County, Ohio, (the Council) as of and for the years ended December 31, 2004, and December 31, 2003, and have issued our report thereon dated August 31, 2005, wherein we noted the Council follows accounting practices the Auditor of State permits rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 in order to express our opinion on the financial statements and not to opine 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 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 management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Council's management dated August 31, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Council's management dated August 31, 2005, we reported an other matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the finance committee, management, the Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties



Betty Montgomery
Auditor of State

August 31, 2005



Auditor of State Betty Montgomery

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

Family and Children First Council
Marion County
125 Executive Drive, Suite 100
Marion, Ohio 43302

To the Family and Children First Council:

Compliance

We have audited the compliance of the Family and Children First Council, Marion 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 apply to its major federal program for the year ended December 31, 2003. The summary of auditor's results section of the accompanying schedule of findings identifies the Council's major federal program. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing other procedures 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 apply to its major federal program for the year ended December 31, 2003. In a separate letter to the Council's management dated August 31, 2004, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The Council's management 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 directly and materially affect a major federal program 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.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of the finance committee, management, the Council, federal awarding agencies, and pass-through entities. It is not intended for 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

August 31, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse: GAAP, Unqualified: Regulatory basis
(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)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance 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?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #93.558-Temporary Assistance for Needy Families
(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**

Finding Number	2004-001
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Authorization of Pay Rates and Timesheets

The Council Director began working on an interim basis for the Council in April 2003, and was paid \$1,076.92 per pay period, based on an annual salary of \$28,000, for six pay periods in 2003. The June 26, 2003 Council minutes indicate she was hired on a full-time basis and her pay was increased to \$31,500 annually (\$1,211.54 per pay period). On July 22, 2004, the Council Director's pay was then increased effective July 1, 2004, to \$37,000 annually (\$1,370.37 per pay period) as reflected in the Council meeting minutes.

**FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2004-001 (Continued)
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Authorization of Pay Rates and Timesheets (Continued)

There is no evidence the Council approved the hiring of the director or the initial salary of \$28,000. Also, although the minutes records provided by the Director reflected pay increases on June 26, 2003 and July 22, 2004, neither of the minutes records were signed. As a result, it is not clear whether these were complete and accurate records of the Council proceedings from these dates.

The Council Administrative Assistant began working for the Council in 2003 and was paid based on an annual salary of \$18,000 (\$692.31 per pay period). Effective September 26, 2003, her pay was increased to \$19,989 annually (\$768.80 per pay period). Effective July 1, 2004, her salary was increased 3% to \$20,589 (\$791.86 per pay period). However, there is no evidence the Council approved the hiring of the administrative assistant or her initial salary of \$18,000. Also, there is no evidence Council approved either of the pay increases she received. As a result, it's not clear whether she was paid the proper amount.

Three additional Council employees were paid an hourly rate during 2003. Those three employees earned a total of \$11,017.53. There is no evidence their hourly rates were approved by the Council, nor does the Council have any time sheets to reflect the number of hours each of these employees worked during 2003. As a result, it is not clear whether these employees were paid the proper amount.

To ensure employees are being paid the proper rates, the Council should authorize all employee pay rates through approval in the minutes or through an approved contract/pay schedule. Additionally, for employees paid hourly, timesheets should be completed by each employee and reflect all hours worked and a description of the duties performed. Timesheets should be signed by the employee and by the Director after review and approval of the hours worked. If this matter is not corrected, findings for recovery may be issued in future periods.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



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**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION 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
SEPTEMBER 20, 2005**