



**Auditor of State  
Betty Montgomery**



**FAMILY AND CHILDREN FIRST COUNCIL  
PERRY COUNTY**

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**Auditor of State  
Betty Montgomery**

Family and Children First Council  
Perry County  
499 North State Street  
New Lexington, Ohio 43764

To the Members of the 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

April 26, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council  
Perry County  
499 North State Street  
New Lexington, Ohio 43764

To the Members of the Council:

We have audited the accompanying financial statements of Family and Children First Council, Perry County, Ohio (the Council), as of and for the years ended December 31, 2004 and 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 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 require the Council to reformat their financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds these statements present for 2004 (and 2003), the revision requires presenting these amounts for 2004 in entity wide statements and also to present its larger (i.e. major) funds separately. 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. 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 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 their 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 of the Family and Children First Council, Perry County, as of December 31, 2004 and 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 April 26, 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 have audited the financial statements of the Family and Children First Council as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated April 26, 2005, wherein we noted the Council follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Our audit was performed to form an opinion on the financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



**Betty Montgomery**  
Auditor of State

April 26, 2005



**FAMILY AND CHILDREN FIRST COUNCIL  
PERRY 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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 33,800	\$ 377,049	\$ 410,849
Total Cash Receipts	<u>33,800</u>	<u>377,049</u>	<u>410,849</u>
<b>Cash Disbursements:</b>			
Supplies and Materials		7,498	7,498
Contracted Services	22,238	321,666	343,904
Cluster Creative Options	335		335
Outreach Expense		5,363	5,363
Rental Expense		27,120	27,120
Building Expense		35,566	35,566
Administrative Fees		25,584	25,584
Other Expenses	18,741	30,315	49,056
Total Cash Disbursements	<u>41,314</u>	<u>453,112</u>	<u>494,426</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(7,514)</u>	<u>(76,063)</u>	<u>(83,577)</u>
Fund Cash Balances, January 1	<u>41,109</u>	<u>360,164</u>	<u>401,273</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 33,595</u></b>	<b><u>\$ 284,101</u></b>	<b><u>\$ 317,696</u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
PERRY 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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 171,502	\$ 367,300	\$ 538,802
Other Revenue		100	100
	<u>171,502</u>	<u>367,400</u>	<u>538,902</u>
<b>Total Cash Receipts</b>	<u>171,502</u>	<u>367,400</u>	<u>538,902</u>
<b>Cash Disbursements:</b>			
Wellness Grant	66,403		66,403
Cluster Creative Options	31,283		31,283
Fatherhood Initiative	54,753		54,753
Family Stability Incentive	10,041		10,041
Contracted Services		307,367	307,367
Outreach Expense		15,059	15,059
Rental Expense		27,120	27,120
Building Expense		14,154	14,154
Administrative Fees		24,606	24,606
Other Expenses	27,954	46,360	74,314
	<u>190,434</u>	<u>434,666</u>	<u>625,100</u>
<b>Total Cash Disbursements</b>	<u>190,434</u>	<u>434,666</u>	<u>625,100</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(18,932)</u>	<u>(67,266)</u>	<u>(86,198)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Other Sources		352,583	352,583
Other Uses		(352,583)	(352,583)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements Other Financing Uses</b>	<u>(18,932)</u>	<u>(67,266)</u>	<u>(86,198)</u>
<b>Fund Cash Balances, January 1</b>	<u>60,041</u>	<u>427,430</u>	<u>487,471</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 41,109</u></u>	<u><u>\$ 360,164</u></u>	<u><u>\$ 401,273</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
PERRY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of its County Council. Each County Council must include the following individuals:

1. At least three individuals whose families are or have received services from an agency which is represented on the Council or another County's Council. Where possible, the number of members representing families shall be equal to twenty per cent of the Council's membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH) that serves the County, or, in the case of a County that has an ADAMH Board and a Community Mental Health Board, the Directors of both Boards. If the ADAMH Board covers more than one County, the Director may designate a person to participate on the County's Council;
3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City and General Health District in the County. If the County has more than two health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the County agency responsible for the administration of children's services pursuant to Ohio Rev. Code Section 5153.15;
6. The Superintendent of the County Board of Mental Retardation and Developmental Disabilities;
7. The County's Juvenile Court Judge senior in service or another judge of the Juvenile Court designated by the Administrative Judge or, where there is no Administrative Judge, by the Judge senior in service;
8. The Superintendent of the city, exempted village, or local school district with the largest numbers of pupils residing in the County, as determined by the Ohio Department of Education at least biennially;
9. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
10. A representative of the municipal corporation with the largest population in the County;
11. The President of the Board of County Commissioners, or an individual designated by the Board;
12. A representative from the regional office of the Ohio Department of Youth Services;

**FAMILY AND CHILDREN FIRST COUNCIL  
PERRY 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)**

13. A representative of the County's Head Start Agencies, as defined in Ohio Rev. Code Section 3301.31;
14. A representative of the County's Early Intervention Collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act of 1986"; and
15. A representative of a local nonprofit entity that funds, advocates or provides services to children and families.

A County Council's statutory responsibilities include the following:

1. Refer to the Cabinet Council those children for whom the Council cannot provide adequate services;
2. Develop and implement a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
3. Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
4. Maintain an accountability system to monitor the Council's progress in achieving results for families and children; and
5. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

**B. Basis of Accounting**

The financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting 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. The statements include adequate disclosure of material matters, the Auditor of State prescribes or permits.

**FAMILY AND CHILDREN FIRST COUNCIL  
PERRY 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 and investments that are restricted as to use. The Council classifies its funds into the following types:

**General Fund**

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

**Special Revenue Funds**

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

Early Start Fund: This fund was used to account for carryover monies from previous years. This fund was consolidated in May 2003 with the Help Me Grow Fund.

Help Me Grow Fund - This fund receives federal and state monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits and support from other parents.

**D. Fiscal and Administrative Agent**

The Perry County Board of Mental Retardation and Development Disabilities is the designated administrative and fiscal agent for the Council. The Council's funds are maintained by the County in separate funds.

**E. Budgetary**

The Council is required by Ohio Revised Code Section 121.37(B)(4) to file an annual budget with its administrative agent. The Council estimates revenues and expenditures for the year and submits these estimates to the Perry County Board of Mental Retardation and Development Disabilities. The Council and the Board approve any changes made to these estimates during the year. In 2003 and 2004, the Council filed the required budgets with their administrative agent.

**FAMILY AND CHILDREN FIRST COUNCIL  
PERRY COUNTY**

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

**2. EQUITY IN POOLED CASH**

Perry County serves as the fiscal agent for the Perry County Board of Mental Retardation and Development Disabilities, the Council's fiscal agent. Perry County maintains a cash pool for all funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes the County's allowable deposits and investments. As of December 31, 2004 and 2003, the Council's share of the County cash pool was as follows:

	<u>2004</u>	<u>2003</u>
Demand Deposits	\$317,696	\$401,273

All risks associated with such deposits are the responsibility of Perry County.

**3. RETIREMENT SYSTEM**

Mental Retardation and Development Disabilities employees perform certain services for the Council and are paid with Help Me Grow Funds. Mental Retardation and Development Disabilities employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing multiple-employer plan. This plan provides retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed the Ohio Revised Code.

Contribution rates are also prescribed by Ohio Revised Code. 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 contributions required through December 31, 2004.

**4. RISK MANAGEMENT**

The Council is insured through the Perry County Commissioners for the following risks:

- Comprehensive property and general liability;
- Valuable papers and records; and
- Errors and omissions.

**5. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the Federal government. Any disallowed costs may require refunding to the grantor. Amount which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**FAMILY AND CHILDREN FIRST COUNCIL  
PERRY COUNTY**

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

<b>FEDERAL GRANTOR/ Pass-through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Number</b>	<b>Expenditures</b>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
<i>Passed through Ohio Department of Health:</i>			
Special Education - Grants for Infants and Families with Disabilities	84.181	64-1-002-EG-03	\$26,582
		64-1-002-RG-04	<u>14,769</u>
Total Special Education - Grants for Infants and Families with Disabilities			<u>41,351</u>
Total United States Department of Education			41,351
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through Ohio Department of Health:</i>			
Promoting Safe and Stable Families	93.556	N/A	41,113
<i>Passed through Perry County Department of Job and Family Services:</i>			
Temporary Assistance to Needy Families	93.558	N/A	<u>302,627</u>
Total United States Department of Health and Human Services			<u>343,740</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$385,091</u></u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
PERRY COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2003**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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





## **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  
Perry County  
499 North State Street  
New Lexington, Ohio 43764

To the Members of the Council:

We have audited the financial statements of Family and Children First Council, Perry County, Ohio (the Council), as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated April 26, 2005, wherein we noted the Council followed accounting practices the Auditor of State prescribes 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **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. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Council's management dated April 26, 2005, we reported a matter involving internal control over financial reporting we did not deem a reportable condition.

#### **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 April 26, 2005, we reported a matter related to noncompliance we deemed immaterial.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Family and Children First Council  
Perry County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*

We intend this report solely for the information and use of management, members of 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

April 26, 2005



## Auditor of State Betty Montgomery

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

Family and Children First Council  
Perry County  
499 North State Street  
New Lexington, Ohio 43764

To the Members of the Council:

#### Compliance

We have audited the compliance of the Family and Children First Council, Perry 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. The Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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.

As described in item 2003-01 in the accompanying Schedule of Findings, the Council did not comply with requirements regarding ensuring the necessary performance of a single audit applying to its major federal program. Compliance with those requirements is necessary, in our opinion, for the Council to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Family and Children First Council complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Family and Children First Council  
Perry County

Independent Accountant's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133.

Page 2

### **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.

We noted a certain matter involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the Council's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying Schedule of Findings as item 2003-001.

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 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. 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 material weaknesses. However, we consider the reportable condition described above to be a material weakness.

We intend this report solely for the information and use of management, members of 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

April 26, 2005

**FAMILY AND CHILDREN FIRST COUNCIL  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2003**

**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>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified
<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>	Temporary Assistance to Needy Families, CFDA No. 93.558
<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>	Yes

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

No findings to report.

**FAMILY AND CHILDREN FIRST COUNCIL  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2003  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

<b>Finding Number</b>	2003-001
<b>CFDA Title and Number</b>	Temporary Assistance to Needy Families CFDA No. 93.558
<b>Federal Award Number / Year</b>	Not provided
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Perry County Department of Job and Family Services

**Noncompliance Citation and Material Weakness**

Subpart C, § 300 (a) requires the auditee to identify in its accounts, all Federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Furthermore, Subpart B, § 200 provides that non-federal entities that expend \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in a year in Federal awards shall have a single or program-specific audit conducted annually. Subpart C, § 300 (e) also requires the auditee to ensure that the audits required by this part are properly performed and submitted when due.

The Council entered into several social service contracts with the Perry County Department of Jobs and Family Services for various "Help Me Grow" services. Management of the Council believed these would be counted as federal expenditures when disbursed from the pass-through entity and would not be reflected as disbursements on the Council's Schedule of Federal Awards Expenditures. As a result, the Council did not request, and the Auditor of State did not perform, an annual federal single audit for the year ended December 31, 2003 within 9 months after the end of the audit period. Once auditors obtained additional information while performing the audit, it was determined that the Council did expend in excess of \$300,000 in federal funds during 2003 and the scope of the audit was modified to meet single audit requirements.

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

**FAMILY AND CHILDREN FIRST COUNCIL  
PERRY COUNTY  
DECEMBER 31, 2003**

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2003-01	Steps have been taken to ensure that federal expenditures will be monitored and the Auditor of State's Office will be notified when federal expenditures exceed \$500,000.	April 2005	Beth Pompey, Fiscal Manager







**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

**FAMILY AND CHILDREN FIRST COUNCIL**

**PERRY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 30, 2005**