



Dave Yost • Auditor of State

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014**

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct:</i>			
Montgomery County Juvenile Drug Court	93.243	1H79TI024979-01	\$261,579
Montgomery County Juvenile Drug Court	93.243	5H79TI024979-02	103,728
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance			<u>365,307</u>
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Child Abuse Prevention Grant	93.590	G-1415-11-5402	2,530
<i>Passed Through Ohio Department Mental Health and Addiction Services:</i>			
Social Services Block Grant - Title XX	93.667	N/A	288,693
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Social Services Block Grant - Title XX	93.667	G-1415-11-5402	2,773,437
<i>Passed Through Ohio Department of Developmental Disabilities:</i>			
Social Services Block Grant - Title XX	93.667	N/A	318,331
Total Social Services Block Grant - Title XX			<u>3,380,461</u>
<i>Passed Through Ohio Department of Job and Family Services:</i>			
State Children's Insurance Program - Title XXI	93.767	G-1415-11-5402	18,065
<i>Passed Through Ohio Department of Developmental Disabilities:</i>			
Medical Assistance Program (Medicaid) - MAC Payments	93.778	N/A	980,654
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Medical Assistance Program	93.778	G-1415-11-5402	7,901,486
Waiver Administration	93.778	G-1415-11-5402	114,886
Medical Assistance Program - XIX 14	93.778	G-1415-11-5402	162,005
Medical Assistance Program - XIX 15	93.778	G-1415-11-5402	102,338
Total Medical Assistance Program (Medicaid)			<u>9,261,369</u>
<i>Passed Through Ohio Department Mental Health and Addiction Services:</i>			
Projects for Assistance in Transition From Homelessness 12-13	93.150	N/A	19,376
Projects for Assistance in Transition From Homelessness 13-14	93.150	N/A	144,694
Total Projects for Assistance in Transition From Homelessness			<u>164,070</u>
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Child Care and Development Block Grant	93.575	G-1415-11-5402	1,058,765
<i>Passed Through Ohio Department Mental Health and Addiction Services:</i>			
Promoting Safe & Stable Families - SFY 14 Family-Centered Services and Supports	93.556	5AU-13-100-22-058	65,340
Promoting Safe & Stable Families - SFY 15 Family-Centered Services and Supports	93.556	N/A	12,991
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Promoting Safe & Stable Families - Caseworker Visits	93.556	G-1415-11-5402	39,663
Promoting Safe & Stable Families - ESAA	93.556	G-1415-11-5402	370,693
Promoting Safe & Stable Families - PostFinal Adoption	93.556	G-1415-11-5402	222,125
Total Promoting Safe & Stable Families Programs			<u>710,812</u>
Refugee and Entrant Assistance - Refugee Social Services	93.566	G-1415-11-5402	142,091
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Temporary Assistance for Needy Families	93.558	G-1415-11-5402	12,701,261
Temporary Assistance for Needy Families - Connecting the Dots 14	93.558	G-1415-11-5402	215,760
Temporary Assistance for Needy Families - Connecting the Dots 15	93.558	G-1415-11-5402	34,653
Total Temporary Assistance For Needy Families			<u>12,951,674</u>
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Child Support Enforcement - CSEA	93.563	G-1415-11-5402	8,310,743
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Youth Advisory Child Justice Grants	93.643	G-1415-11-5402	1,410

MONTGOMERY COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
<i>Passed Through Ohio Department of Job and Family Services:</i> Child Welfare Services	93.645	G-1415-11-5402	175,855
<i>Passed Through Ohio Department of Job and Family Services:</i> Foster Care Title IV-E	93.658	G-1415-11-5402	10,805,266
<i>Passed Through Ohio Department of Job and Family Services:</i> Title IV-E Contracts	93.659	G-1415-11-5402	6,606,940
Nonrecurring Adoption	93.659	G-1415-11-5402	55,626
Total Adoption Assistance			<u>6,662,566</u>
<i>Passed Through Ohio Department of Job and Family Services:</i> Chafee Foster Care Independence Program	93.674	G-1415-11-5402	398,589
<i>Passed Through Ohio Department Mental Health and Addiction Services:</i> Block Grants for Community Mental Health Services - Community Plan 13-14	93.958	N/A	252,333
Block Grants for Community Mental Health Services - Community Plan 14-15	93.958	N/A	197,148
Block Grants for Community Mental Health Services - Forensic Block Grant 13-14	93.958	N/A	1,100
Block Grants for Community Mental Health Services - Forensic Block Grant 14-15	93.958	N/A	1,100
Total Block Grants For Community Mental Health Services			<u>451,681</u>
<i>Passed Through Ohio Department Mental Health and Addiction Services:</i> SAPT Block Grant - UMADAOP	93.959	N/A	120,649
SAPT Block Grant - Nova House	93.959	N/A	99,166
SAPT Block Grant - Project Cure	93.959	N/A	88,978
SAPT Block Grant - Federal Per Capita Prevention	93.959	N/A	365,235
SAPT Block Grant - Federal Per Capita Treatment	93.959	N/A	1,208,494
SAPT Block Grant - UMADAOP - Elder Care	93.959	N/A	40,456
SAPT Block Grant - Juvenile Court TASC Program	93.959	N/A	136,375
SAPT Block Grant - ODADAS TANF Prevention	93.959	N/A	24,548
SAPT Block Grant - Youth Led Prevention	93.959	N/A	5,009
SAPT Block Grant - Federal Healthy Youth	93.959	N/A	26,906
SAPT Block Grant - Circle of Recovery	93.959	N/A	40,842
SAPT Block Grant - Womens Treatment - Nova	93.959	N/A	22,037
SAPT Block Grant - Womens Treatment - CURE	93.959	N/A	19,773
SAPT Block Grant - Federal Per Capita Prevention	93.959	N/A	82,923
SAPT Block Grant - Communities Investments	93.959	N/A	284,315
SAPT Block Grant - UMADAOP	93.959	N/A	26,655
SAPT Block Grant - UMADAOP - Elder Care	93.959	N/A	8,938
SAPT Block Grant - Prevention Services	93.959	N/A	5,455
SAPT Block Grant - Circle of Recovery	93.959	N/A	1,113
SAPT Block Grant - Circle of Recovery	93.959	N/A	11,880
Total Block Grants For Prevention and Treatment of Substance Abuse			<u>2,619,747</u>
<i>Passed Through Ohio Department of Job and Family Services:</i> Home Choice Program	93.791	G-1415-11-5402	80,637
Total U.S. Department of Health and Human Services			<u>57,561,638</u>
U.S. ELECTION ASSISTANCE COMMISSION			
<i>Passed Through Ohio Secretary of State:</i> Help America Vote Act - Pollworker 57	90.401	N/A	14,082
Help America Vote Act - Paper Ballot 27	90.401	N/A	13,263
Total Help America Vote Act			<u>27,345</u>
Total U.S. Election Assistance Commission			<u>27,345</u>

MONTGOMERY COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct:</i>			
Community Development Block Grant	14.218	B-11-UC-39-0004	4,430
Community Development Block Grant	14.218	B-12-UC-39-0004	438,385
Community Development Block Grant	14.218	B-13-UC-39-0004	1,122,869
Community Development Block Grant	14.218	B-10-UC-39-0004	44,307
CDBG/ Neighborhood Stabilization Program	14.218	B-08-UN-39-0006	141,147
Emergency Solutions Grant Prgram	14.218	E-13-UC-39-0004	113,832
Total Community Development Block Grant			<u>1,864,970</u>
<i>Direct:</i>			
HOME Investment Partnership Program	14.239	M-09-DC-39-0208	158,614
HOME Investment Partnership Program	14.239	M-10-UC-39-0208	23,609
HOME Investment Partnership Program	14.239	M-11-UC-39-0208	21,878
HOME Investment Partnership Program	14.239	M-12-UC-39-0208	149,357
HOME Investment Partnership Program	14.239	M-13-UC-39-0208	75,890
HOME Investment Partnership Program	14.239	M-14-UC-39-0208	6,375
Total HOME Investment Partnership Program			<u>435,723</u>
Supportive Housing Program - Homeless Management Information Systems	14.235	OH0127L5E051205	55,211
Supportive Housing Program - Homeless Management Information Systems	14.235	OH0127L5E51306	108,345
Total Supportive Housing Program			<u>163,556</u>
Neighborhood Stabilization Program III	14.264	B-11-UN-39-0006	170,123
Continuum of Care Grant	14.267	OH0446L5E051200	79,384
<i>Passed Through City of Dayton:</i>			
ARRA -Neighborhood Stabilization Program II- ARRA	14.256	B-09-CN-OH-0029	28,558
Total U.S. Department of Housing and Urban Development			<u>2,742,314</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Direct:</i>			
Crime Lab Improvement DNA Backlog Reduction 2011	16.741	2011DNBXK483	1,742
Crime Lab Improvement DNA Backlog Reduction 2012	16.741	2012DNBX0079	20,240
FY13 DNA Backlog Reduction	16.741	2013DNBX0122	252,074
FY14 DNA Capacity Enhancement and Backlog Reduction	16.741	2014DNBX0067	69,456
Total DNA Backlog Reductions Grants			<u>343,512</u>
<i>Passed Through City of Dayton:</i>			
FY 2011 Local JAG - Adminstrative Services	16.579	2011-DJ-BX-3243	22,737
FY 2012 Local JAG - Adminstrative Services	16.579	2012-DJ-BX-1236	14,485
FY 2013 Local JAG - Juvenile Courts	16.579	2013-DJ-BX-0206	23,855
Total Justice Assistance Grants			<u>61,077</u>
<i>Passed Through Ohio Department of Youth Services:</i>			
Juvenile Acct Incentive Block Grant (JAIBG)	16.523	2012-JB-011-A056	13,224
Drug Court Discretionary Grant	16.585	2014-DC-BX-0087	285
<i>Passed Through Ohio Department of Youth Services:</i>			
Juvenile Justice/Delinquency Prevention - DMC Title II	16.540	2010-JJ-DMC-0203	16
<i>Passed Through Ohio Department of Youth Services:</i>			
LIFE Expansion 2013-2014	16.123	2012-MO-BX-0005	118,887
<i>Passed Through Ohio Attorney General's Office:</i>			
Victims of Crime Act	16.575	2014VACHAE499	19,436
<i>Passed Through Ohio Department of Public Safety:</i>			
Paul Coverdell Act	16.742	2012-PC-NFS-7806	4,809
FY 2013 Paul Coverdell Act	16.742	2013-PC-NFS-7806	20,005
Total Paul Coverdell Act			<u>24,814</u>

MONTGOMERY COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
<i>Passed Through Ohio Department of Public Safety:</i>			
RANGE Task Force	16.738	2009-JG-AOV-V6803	18,112
RANGE Task Force	16.738	2013-JG-A01-6803	35,439
Total RANGE Task Force			53,551
<i>Direct:</i>			
Cold Case Squad and DNA Project	16.560	2012-DN-BX-K014	65,366
FY 2014 Solving Cold Case with DNA	16.560	2014-DN-BK-K067	12,600
Total National Institute of Justice Research, Evaluation and Development Grants			77,966
<i>Passed Through Ohio Department of Public Safety:</i>			
Residential Subs Abuse Treat for State Prisoners	16.593	2011-RS-SAT-101B	26,691
Residential Subs Abuse Treat for State Prisoners	16.593	2011-RS-SAT-101C	12,859
Residential Subs Abuse Treat for State Prisoners	16.593	2014-RS-SAT-101	13,858
Total Residential Subs Abuse Treat for State Prisoners			53,408
Equitable Sharing Agreement and Certification - Prosecutor's Office	16.922	N/A	23,713
Equitable Sharing Agreement and Certification - Sheriff's Office	16.922	N/A	320,800
Federal Forfeited Assets - R.A.N.G.E Taskforce	16.922	N/A	1,032
Total Equitable Sharing Program			345,545
Total U.S. Department of Justice			1,111,721
U.S. DEPARTMENT OF LABOR			
<i>Passed Through Ohio Department of Jobs and Family Services/Area 7 Workforce Investment Board:</i>			
<i>WIA Cluster:</i>			
WIA-Adult Programs	17.258	G-1415-11-5402	1,513,391
WIA-Adult Programs - Admin	17.258	G-1415-11-5402	26,885
Total WIA-Adult			1,540,276
WIA-Youth Activities - In School	17.259	G-1415-11-5402	689,323
WIA-Youth Activities - Out of School	17.259	G-1415-11-5402	677,047
WIA-Youth Activities - Admin	17.259	G-1415-11-5402	27,361
Total WIA-Youth			1,393,731
WIA-Dislocated Workers	17.260	G-1415-11-5402	938,154
WIA-Dislocated Workers - Admin	17.260	G-1415-11-5402	29,819
Total WIA-Dislocated Workers			967,973
Total WIA Cluster			3,901,980
Total U.S. Department of Labor			3,901,980
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation:</i>			
Federal-Aid Highway Program	20.205	PID 83323	2,516,140
Federal-Aid Highway Program	20.205	PID 84240	838,657
Federal-Aid Highway Program	20.205	PID 86654	912,046
Federal-Aid Highway Program	20.205	PID 86656	685,069
Federal-Aid Highway Program	20.205	PID 90785	92,943
Federal-Aid Highway Program	20.205	PID 87089	141,505
Federal-Aid Highway Program	20.205	PID 95393	130,793
Total Highway Planning and Construction Programs			5,317,153
<i>Passed Through Ohio Department of Public Safety:</i>			
High Visibility Traffic Enforcement 2014	20.600	HVE02014-57-0000-00380-00	54,992
Selective Traffic Enforcement 2015	20.600	STEP-2015-57-0000-00573-00	4,257
Total State and Community Highway Safety Grants			59,249
<i>Passed Through Ohio Department of Public Safety:</i>			
Impaired Driving Enforcement Program	20.616	IDEP-2015-57-00000-00414	6,260

MONTGOMERY COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Federal Expenditures
<i>Passed Through Ohio Emergency Management Agency:</i>			
Hazardous Materials Emergency Preparedness	20.703	HM-HMP-0355-13-01-00	8,687
Hazardous Materials Emergency Preparedness	20.703	HM-HMP-0302-12-01-01	<u>9,399</u>
Total Hazardous Materials Emergency Preparedness			18,086
Total U.S. Department of Transportation			<u>5,400,748</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Emergency Management Agency::</i>			
Emergency Management Performance	97.042	N/A	169,584
State Homeland Security Mass Fatality	97.067	EMW-2012-SS-00001	54,148
Law Enforcement State Homeland Security Program 12	97.067	EMW-2012-SS-00001	137,221
State Homeland Security Program 12 - Dayton Regional MMRS	97.067	EMW-2012-SS-00001	47,298
State Homeland Security LE 09	97.067	2009-SS-T9-0089	20
State Homeland Security Program 10	97.067	2010-SS-T0-0012	466
Law Enforcement State Homeland Security Program 11	97.067	EMW-2011-SS-0070	118,204
State Homeland Security Program 09	97.067	2009-SS-T9-0089	105
Citizen Corps Program 11 - Moraine	97.067	EMW-2011-SS-0070	1,388
Citizen Corps Program 11 - Huber Hgts	97.067	EMW-2011-SS-0070	3,503
Citizen Corps Program 11 - German Twp	97.067	EMW-2011-SS-0070	2,680
Citizen Corps Program 11 - Brookville	97.067	EMW-2011-SS-0070	4,069
State Homeland Security Program 11	97.067	EMW-2011-SS-0070	19,567
State Homeland Security Program 13 - Hazmat Team Thermal Imaging Camera	97.067	EMW-2013-SS-00120	27,043
State Homeland Security Program 13 - Reg 3 LESHSP	97.067	EMW-2013-SS-00120	<u>49,407</u>
Total Homeland Security Grant Program			465,119
Total U.S. Department of Homeland Security			<u>634,703</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Miami Valley Career Technology Center:</i>			
Adult Basis and Literary Education - ABLE 14	84.002	051284-AB-S1-2013	16,048
Adult Basis and Literary Education - ABLE 15	84.002	N/A	<u>16,048</u>
Total Adult Basis and Literary Education			32,096
<i>Passed Through Ohio Department of Rehabilitation and Correction:</i>			
Title I Program	84.010	2014-T1-ED-0005	4,000
Title I Program for Neglected/Delinquent Children	84.013	2015-T1-ED-0005	<u>4,500</u>
Total U.S. Department of Education			<u>40,596</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Job and Family Services:</i>			
State Administrative Matching Grant - SNAP	10.561	G-1415-11-5402	3,885,334
<i>Passed Through Ohio Department of Education:</i>			
National School Lunch	10.555	N/A	<u>202,166</u>
Total U.S. Department of Agriculture			<u>4,087,500</u>
Total			<u><u>\$75,508,545</u></u>

N/A - No agency pass-through or other identifying number available for this program

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

MONTGOMERY COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports Montgomery County's (the County's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – SUB-RECIPIENTS

The County passes certain federal awards received from the United States Department of Housing and Urban Development, the Ohio Department of Mental Health and Addiction Services, and the Ohio Department of Alcohol and Drug Addiction Services to other governments or not-for-profit agencies (sub-recipients). As Note A describes, the County reports expenditures of Federal awards to sub-recipients when paid in cash.

As a sub-recipient, the County has certain compliance responsibilities, such as monitoring its sub-recipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that sub-recipients achieve the award's performance goals.

NOTE C - CHILD NUTRITION CLUSTER

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the County assumes it expends federal monies first.

NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

Housing loans are collateralized by mortgages on the property. Business loans are collateralized by real estate, machinery and equipment and/or by personal guarantees. At December 31, 2014, the gross amount of economic development loans outstanding under the CDBG program was \$914,661.

Program income is received when CDBG loans are paid back. Loans repaid are used to make additional loans to assist expanding businesses and low-income homeowners through other CDBG approved activities. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Montgomery County
451 West Third Street
Dayton, Ohio 45422

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, (the County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 24, 2015. Our report refers to other auditors who audited the financial statements of the Monco Enterprises, Inc. and Miami Valley In-Ovations discretely presented component units, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2015-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the County'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, opining 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*.

Entity's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 25, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Montgomery County
451 West Third Street
Dayton, Ohio 45422

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Montgomery County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Montgomery County's major federal programs for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

The County's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Montgomery County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Federal Awards Expenditures Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely-presented component units, each major fund and the aggregate remaining fund information of Montgomery County (the County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our unmodified report thereon dated July 24, 2015. Our report refers to other auditors who audited the financial statements of the Monco Enterprises, Inc. and Miami Valley In-Ovations discretely presented component units, as described in our report on the County's financial statements. We conducted our audit to opine on the County's' basic financial statements. We have not performed any procedures to the audited financial statements subsequent to July 24, 2015. The accompanying schedule of federal awards expenditures presents additional analysis required by the 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 basic financial statements.

The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

September 25, 2015

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MONTGOMERY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control 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 weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control 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(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA# 14.218 – Community Development Block Grant CFDA# 14.239 - HOME Investment Partnership Program CFDA# 93.558 – Temporary Assistance for Needy Families CFDA# 93.575 – Child Care Block Grant CFDA# 93.658 – Foster Care Title IV-E CFDA# 93.667 – Social Services Block Grant Title XX CFDA# 93.778 – Medical Assistance Program (Medicaid) CFDA# 93.958 –Block Grant for Community Mental Health Services CFDA# 93.959 –Block Grant for Prevention and Treatment of Substance Abuse CFDA# 97.067 – State Homeland Security
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 2,265,256 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 2015-001

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities, and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonable of financial data.

The County lacked proper oversight over receipts in the Environmental Services Department as evidenced by the following conditions:

- When solid waste deposits were received in the County Administration building, the deposits were compiled by the Environmental Services cashiers. After the deposits were compiled, they were to be confirmed to the source documentation by a second individual that did not prepare the deposit. There was no evidence that the confirmation of the prepared receipt documentation was matched to the source documentation. On one occasion, the source documentation did not match the amount deposited.
- A critical element of a properly designed control environment is the separation of duties. Job responsibilities should be separated in a manner that does not allow an employee to carry out and/or conceal errors in the course of their day to day activities. The County did not establish controls separating the job responsibility for adjusting receipts in point of sales systems from the cash collection job responsibilities. We noted one occasion where unauthorized adjustments were posted.

The lack of proper oversight over the Environmental Services Department's cash receipts resulted in \$796 being collected but not deposited. The Auditor of State's Special Investigation Unit is involved in an ongoing investigation regarding the theft.

The County should establish control procedures over the solid waste receipts that reconcile the amount of receipts deposited to the source documentation created by the point of sale system as the final step in the deposit preparation process. Additionally, job descriptions should be reviewed and duties should be assigned in a way that separates duties so that the receipt of cash is separated from deposit preparation, deposit preparation is separated from verification of the deposit to source documents, and that any employee that handles cash cannot post adjustments to the records of billing and collection.

Officials' Response:

The procedures for the handling of Solid Waste cash receipts by the Financial Services staff of Environmental Services have been revised to strengthen internal controls. The duties of staff members have been assigned as such to have a segregation of duties in the handling of daily cash receipts. Solid Waste cash receipts from the Transfer Station are delivered to the County Administration building in locked bags by the mail carrier. The Financial Services staff signs for receiving the bags and the bags are placed in the safe until the deposit is prepared by a different staff member. After the deposit is prepared, another different staff member (Verifier) verifies the deposit and also compares the total of cash receipts to two source documents. One of the source documents is a recap sheet of the cash receipts signed by the Scale Supervisor that is included in the sealed bag received from the Transfer Station. The Verifier also prints the report (second independent source) from the PC Scales System which lists the cash receipts of the day and ensures that deposit is reconciled with this specific report. A third different staff member posts the collection of receipts from customers to the PC Scales billing system. The Supervisor and/or Management System Liaison of the Financial Services Division reviews the process on a monthly basis to ensure tasks identified above are followed by the respective staff members.

Written policies and procedures are available that document this cash handling process.

MONTGOMERY COUNTY

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Failure to properly approve property tax reduction applications	Yes	
2013-002	Failure to depreciate infrastructure assets in accordance with road condition level requirements	Yes	
2013-003	2 CFR Attachment B, §8(h)(4) and (5), failure to complete time and effort certifications for CDBG payroll expenditures	Yes	
2013-004	2 CFR § 215.28, charging expenditures outside of the period of availability for the Lead Hazard Control grant	N/A	Finding No Longer Valid – no grant expenditures during the audit period
2013-005	2 CFR Part 225 (Appendix C, Section A(1)), failure to reconcile Lead Hazard Control quarterly reports to the County's accounting system	N/A	Finding No Longer Valid – no grant expenditures during the audit period
2013-006	2 CFR Part 225 Appendix C, Section A.1, failure to reconcile Lead Hazard Control grant earmarking expenditures per the County's system to supporting documentation	N/A	Finding No Longer Valid – no grant expenditures during the audit period
2013-007	2 CFR Part 225 Appendix C, Section A.1, failure to comply with earmarking requirements for the CDBG grant	Yes	
2013-008	2 CFR Part 225 Appendix C, Section A.1, failure to reconcile CDBG grant expenditures per the Financial Summary Report to the County's accounting system	Yes	
2013-009	2 CFR Attachment B, §8(h)(4), failure to complete time and effort certifications for HOME Investment Partnership Program payroll expenditures	Yes	
2013-010	2 CFR § 225, Appendix B 8.h(3), failure to complete time and effort certifications for ARRA-Neighborhood Stabilization Program payroll expenditures	N/A	Finding No Longer Valid – no payroll related expenditures during the audit period
2013-011	2 CFR Attachment B, §8(h)(4) and (5), failure to complete time and effort certifications for Lead Hazard Grant payroll expenditures	N/A	Finding No Longer Valid – no grant expenditures during the audit period
2013-012	24 CFR § 84.22 and 84.21, failure to reconcile Lead Hazard Control grant reimbursement requests to the County's accounting system	N/A	Finding No Longer Valid – no grant expenditures during the audit period