



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B34681

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

June 30, 2009

Board of Directors  
Montgomery County  
Youth Service Bureau, Inc.  
209 E. Pike St.  
Crawfordsville, IN 47933

We have reviewed the audit report prepared by Larry E. Nunn & Associates, LLC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Montgomery County Youth Service Bureau, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

We call your attention to the finding in the report. Pages 12 and 13 contain one current audit finding.

STATE BOARD OF ACCOUNTS

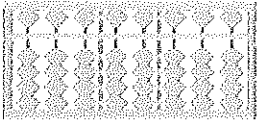
**MONTGOMERY COUNTY  
YOUTH SERVICE BUREAU, INC.**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2007**

**TABLE OF CONTENTS**

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expense	5
Notes to Financial Statements	6-11
<b>REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</b>	12-13



*From Vision to Solution*

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Montgomery County Youth Service Bureau, Inc.  
Crawfordsville, Indiana

We have audited the accompanying statement of financial position of Montgomery County Youth Service Bureau, Inc. (a nonprofit Association) as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Montgomery County Youth Service Bureau, Inc. as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2008, on our consideration of Montgomery County Youth Service Bureau, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plainfield, Indiana  
September 12, 2008

**MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2007**

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 110,360	\$ -	\$ 110,360
Certificates of deposit, at cost	20,820	-	20,820
Beneficial interest in Montgomery County Community Foundation Endowment Fund	-	30,000	30,000
Grants receivable	42,938	-	42,938
Prepaid expenses	4,435	-	4,435
Leasehold improvements and equipment	71,928	-	71,928
Accumulated depreciation	<u>(34,651)</u>	<u>-</u>	<u>(34,651)</u>
<b>Total assets</b>	<u><u>\$ 215,830</u></u>	<u><u>\$ 30,000</u></u>	<u><u>\$ 245,830</u></u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 8,879</u>	<u>\$ -</u>	<u>\$ 8,879</u>
<b>Total liabilities</b>	<u>8,879</u>	<u>-</u>	<u>8,879</u>
<b>NET ASSETS</b>			
Unrestricted	206,951	-	206,951
Permanently restricted	<u>-</u>	<u>30,000</u>	<u>30,000</u>
<b>Total net assets</b>	<u>206,951</u>	<u>30,000</u>	<u>236,951</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 215,830</u></u>	<u><u>\$ 30,000</u></u>	<u><u>\$ 245,830</u></u>

See accompanying auditor's report and notes to financial statements.

**MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.**  
**STATEMENTS OF ACTIVITIES**  
**For the Year Ending December 31, 2007**

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
<b>REVENUES</b>			
Federal grant income	\$ 67,501	\$ -	\$ 67,501
State and local grant income	391,652	-	391,652
Grant income	55,550	-	55,550
Contributions	63,221	-	63,221
In-Kind Donations	27,179	-	27,179
Miscellaneous	4,382	-	4,382
Investment income	4,897	-	4,897
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	614,382	-	614,382
	<hr/>	<hr/>	<hr/>
<b>EXPENSES</b>			
Program services	554,553	-	554,553
Supporting services			
General and administrative	20,614	-	20,614
Fundraising	9,113	-	9,113
Total supporting services	29,727	-	29,727
	<hr/>	<hr/>	<hr/>
<b>Total expenses</b>	584,280	-	584,280
	<hr/>	<hr/>	<hr/>
<b>Change in net assets</b>	30,102	-	30,102
 <b>Transfer of funds to Montgomery County Community Foundation Endowment Fund</b>			
	(30,000)	30,000	-
 <b>NET ASSETS - beginning of the year - as restated</b>			
	206,849	-	206,849
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS - end of year</b>	<u>\$ 206,951</u>	<u>\$ 30,000</u>	<u>\$ 236,951</u>

See accompanying auditor's report and notes to financial statements.

**MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.**

**STATEMENT OF CASH FLOW**

**For the Year Ending December 31, 2007**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets \$ 30,102

Adjustments to reconcile Change in Net Assets  
to Net Cash Provided by Operating Activities:

Depreciation 3,224  
Loss on disposal of assets 3,993  
Interest earned on certificates of deposit and reinvested (3,094)  
(Increase) decrease in:  
Grants receivable 5,639  
Prepaid expenses (988)  
(Decrease) in:  
Accounts payable (1,980)

**Net Cash Provided by Operating Activities** 36,896

**CASH FLOWS FROM FINANCING ACTIVITIES**

Purchase of fixed assets (12,761)

**Net Cash Used by Financing Activities** (12,761)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Maturity of certificate of deposit 33,997  
Transfer of funds to Montgomery County Community Foundation  
Endowment Fund (30,000)

**Net Cash Provided by Investing Activities** 3,997

**Net Increase in Cash and Cash Equivalents** 28,132

**CASH AND CASH EQUIVALENTS - Beginning of Year** 82,228

**CASH AND CASH EQUIVALENTS - End of Year** \$ 110,360

See the accompanying auditor's report and notes to financial statements.

MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ending December 31, 2007

	Program Services										Supporting Services			Totals (Memo Only)	
	Health Family	CASA	Community Service	JUMP	REINdeer	Tenn Court	Car Seats	YAR	Totals	General and Administrative	Fundraising	Totals			
Personnel Costs															
Salaries and payroll taxes	\$ 226,771	\$ 50,087	\$ 3,517	\$ 59,366	\$ 7,975	\$ 19,359	\$ 2,032	\$ 7,872	\$ 376,979	\$ 14,287	\$ 6,249	\$ 20,536	\$ 397,515		
Fringe benefits	18,898	1,972	366	4,573	724	1,956	101	769	29,359	851	299	1,150	30,509		
Total personnel costs	245,669	52,059	3,883	63,939	8,699	21,315	2,133	8,641	406,338	15,138	6,548	21,686	428,024		
Conferences and training	2,848	991	-	-	-	-	-	-	3,839	294	-	294	4,133		
Depreciation	1,625	239	187	456	10	249	10	208	2,984	239	-	239	3,223		
Dues, fees and subscriptions	1,345	320	55	495	14	138	14	133	2,514	688	-	688	3,202		
Insurance	1,742	329	264	474	36	144	9	70	3,068	86	7	93	3,161		
Occupancy	18,599	2,362	1,722	4,664	111	2,285	111	1,842	31,686	851	1,699	2,550	34,246		
Office supplies and expense	6,017	566	140	1,870	946	646	42	434	10,661	1,512	656	2,168	12,829		
Marketing	525	323	17	12,795	4	42	4	25	13,735	-	-	-	13,735		
Minor equipment	1,246	204	160	390	9	213	9	177	2,408	204	-	204	2,612		
Miscellaneous	1,001	501	392	958	22	522	22	435	3,885	496	-	496	4,349		
Professional fees	2,835	405	90	810	-	225	-	135	4,500	-	-	-	4,500		
Program expenses	11,036	5,476	216	11,359	9,452	1,578	2,995	3,108	45,220	27	-	27	45,247		
Telephone	5,847	407	319	778	18	425	18	354	8,166	204	203	407	8,573		
Travel	10,885	954	116	424	47	240	7	545	13,218	875	-	875	14,093		
YAR grants	-	-	-	-	-	-	-	2,353	2,353	-	-	-	2,353		
Total functional expenses	\$ 311,220	\$ 65,136	\$ 7,561	\$ 99,412	\$ 19,368	\$ 28,022	\$ 5,374	\$ 18,460	\$ 54,553	\$ 20,614	\$ 9,113	\$ 29,727	\$ 584,280		

See the accompanying auditor's report and notes to financial statements.

**MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

**Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT CONTRACTUAL AND ACCOUNTING POLICIES**

**Nature of Operations** – The Montgomery County Youth Service Bureau, Inc. (YSB) was established in 1971 by the League of Women Voters and a group of citizens concerned about juvenile delinquency. Since then, YSB has continued to fulfill its mission to help young people become productive citizens through youth advocacy, community education, delinquency prevention, direct services and referrals.

**Program Services** – Grant revenues are recorded as earned and the grant expenses are recognized when incurred for a grant-related obligation. The following program services are included in the accompanying financial statements:

***Healthy Families*** – YSB believes parenting is one of the toughest, yet most important jobs anyone will ever have. Healthy Families is designed to help parents of new-born children living at or near poverty to establish goals based on their strengths and needs, learn problem solving skills, improve the family's support network, and encourage positive parent/child interaction to promote healthy childhood growth and development.

***Court Appointed Special Advocates (CASA)*** – CASA provides a voice for the most vulnerable in our community; children who have suffered from abuse, neglect or abandonment. YSB recruits and trains adult volunteers to be effective advocates for the best interest of a specific child in need of services as that child works his or her way through the court and foster care systems. CASAs help children by investigating and reporting to the court the child's and family's circumstances; by recommending services and solutions conducive to the best interests of the child; and by giving the child a voice in what is otherwise a very adult process. It is the CASA's goal to see a child placed in the safest, most permanent home available and to protect that child from further abuse and neglect.

***Community Service Programs***

***Mentoring Moms*** – The program matches young mothers with women in our community who volunteer to share their life experiences and their friendship. By meeting together two to three times a month and by encouraging participation in monthly family support meetings, the Mentoring Mom volunteer help the young mother accomplish her goals and move toward self-sufficiency and good parenting.

***Service Learning & Community Service Coordination*** – Under an agreement with the Montgomery County Circuit Court, YSB coordinates community service for all juvenile offenders; those who have been deferred to Teen Court as well as those whose cases have been processed through Juvenile Probation. YSB also offers a Service Learning component to engage the juvenile offenders in a way that gives them a sense of ownership and accomplishment in the project they undertake.

**MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

**Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT CONTRACTUAL AND ACCOUNTING POLICIES (continued)**

*Juvenile Mentoring Program (JUMP)* – Although not nationally affiliated, the program is modeled after the successful Big Brothers Big Sisters program found in larger communities. JUMP provides one-to-one relationships in which trust can be built. Mentors show children someone cares about them and encourage them to care about themselves in an effort to help them realize their fullest potential. Most of the children in the program live in families with incomes at or near the poverty level and about 30% of them have at least one parent incarcerated in state or federal prison. Parents of children in the program regularly report that their child is happier, better behaved, doing better in school, and has become involved with extra-curricular activities since getting a mentor. Children who are mentored are also less likely to start using drugs, to begin drinking, or to drop out of school.

*Reach Everyone In Need Dear (REINdear)* – REINdear provides clothing, books, school supplies and a few special holiday gifts to local children whose families may not otherwise be able to purchase gifts. YSB partners with schools and other service agencies from around the county to provide referrals of children in need. Then, through the generous support of the employees and members for dozens of business, churches, civic groups, and social clubs who purchase the gifts, YSB and its partners are able to deliver presents in time for the holidays.

*Teen Court* – If a teen is a first time non-violent offender or if the Probation Department believes a teen can benefit from the experience, the County can refer a case to Teen Court. With the support of an YSB Coordinator and adult volunteer “judges”, teens run Teen Court by serving not only as defendants but also as jurors, prosecutors, defense attorneys, clerks and bailiffs. Through Teen Court, all involved have the opportunity to serve the community and themselves through the practice of citizenship, responsibility, integrity, accountability, and empathy. Teen Court also allows a bit more flexibility than the juvenile system and offers a young person the chance to completely clear their juvenile record.

*Car Seat Safety & Inspection Program* – The program educates parents and grandparents on the selection and installation of car seats, as well as provides free car seats to families living at or near the poverty level.

*Youth as Resources (YAR)* – YAR unites youth and adults to identify community needs and address those needs through youth philanthropy and youth sponsored community service projects. In addition to direct involvement, YAR also promotes philanthropy among all youth by providing mini-grants in support of youth sponsored service projects.

**MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

**Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT CONTRACTUAL AND ACCOUNTING POLICIES (continued)**

**Summary of Significant Accounting Policies**

*Estimates* - The presentation of financial statements are in conformity with generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Financial Statement Presentation* - The Association follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Associations," and SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. YSB does not have any temporarily restricted net assets as of December 31, 2007.

*Cash and Cash Equivalents* - For purposes of the statement of cash flows, the Association considers investments available for current use with an initial maturity date of three months or less to be cash equivalents.

*Allowance For Doubtful Accounts* - The allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. At December 31, 2007, management estimated that no allowance was needed.

*Contributions* - In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions. Gifts and contributions are recorded at fair value. YSA does not have any contributions that were temporarily or permanently restricted as of December 31, 2007.

*Federal Income Tax* - The Association is exempt from Income Tax under Internal Revenue Code Section 501 (c) (3). However a Form 990, Return of Organization Exempt from Income Tax, is required to be filed each year.

**MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

**Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT CONTRACTUAL AND ACCOUNTING POLICIES (continued)**

*Furniture and Equipment* – Purchases of furniture and equipment in excess of \$500 are recorded at cost. Gifts or contributions of property and equipment are recorded at the asset's fair market value at the time received and depreciated on a straight-line basis over the estimated useful lives of the assets which range from 5 to 10 years. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account, and a gain or loss is reported in the change in net assets. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred.

*Compensated Absences* – Employees of the YSB are entitled to paid vacation days which are earned at various rates depending on the years of service. As of December 31, 2007, accrued vacation time was \$7,919, and is included in accounts payable in the statement of financial position.

*Statement of Cash Flows* – The indirect method is used to report cash flows from operating activities.

*Functional Expenses* – Expenses are charged to program, administrative, or fundraising based on a combination of specific identification, allocation by management and as allowed by specific grant agreements.

**Note 2 – CASH IN EXCESS OF FDIC LIMIT**

The YSB maintains bank accounts which periodically exceed the FDIC guarantee limit during the year. At December 31, 2007, the YSB had bank accounts, including certificates of deposit, which were in excess of the FDIC limit by approximately \$16,823.

**Note 3 – GRANTS RECEIVABLE**

As of December 31, the grants receivable consisted of the following:

Indiana Department of Child Services:	
Healthy Families	\$ 29,014
YSB Grant	3,333
Montgomery County Schools	2,807
REINdeer Funds	3,000
Indiana Youth Institute	3,831
Other	<u>953</u>
Totals	<u>\$ 42,938</u>

**MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

**Note 4 – MONTGOMERY COUNTY COMMUNITY FOUNDATION  
 ENDOWMENT FUND**

On October 23, 2007, the YSB transferred funds in the amount of \$30,000 to the Montgomery County Community Foundation Endowment Fund (MCCF). They established the Youth Service Bureau Fund (Fund) for the purpose to provide support to the YSB to carry out its role and mission as described by its governing documents. Annually, the YSB can receive a portion of the fair market value of the Fund as of the end of the previous calendar year in accordance with the spending policies adopted by the Board of Directors of MCCF. For the year ending December 31, 2007, the Fund did not receive any income or were any distributions made to the YSB. The Fund is permanently restricted.

**Note 5 – IN-KIND DONATIONS AND VOLUNTEER SERVICES**

The values of donated materials and services that have been reflected in the statement of activities as revenue with a corresponding offset to expense for the year ended December 31, 2007 were as follows:

Rent - land lease	\$ 9,993
Printing, publicity and education	8,750
Office supplies	1,597
Program costs	1,008
Random House books	3,422
REINdeer gifts	<u>2,684</u>
Totals	\$ <u>27,454</u>

In addition to revenues and expenses reflected in the accompanying financial statements, YSB has significant in-kind services rendered by volunteers to assist them in their programs. These services include program, fundraising and various other services. These amounts are not reflected in the statement of activities as they do not qualify for recognition under SFAS No. 116.

**Note 6 – OFFICE FACILITIES AND OPERATING LEASE**

The use of YSB's main office facilities have been provided by a gift from a local church. The fair market value of the use of the facilities has been estimated by management at \$9,993 per year. This gift and the related cost have been included in gift-in-kind and occupancy costs on the statement of activities for the year ended December 31, 2007.

The YSB leases additional office space. The operating lease covers one year periods without any formal renewals or extensions. The lease was renewed on September 1, 2007 and expires on August 31, 2008. Lease payments for the year ending December 31, 2007 were \$8,500.

**MONTGOMERY COUNTY YOUTH SERVICE BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

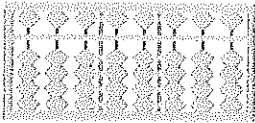
**Note 7 – PRIOR PERIOD ADJUSTMENTS**

As of December 31, 2006, the net assets have been restated in order to recognize various accrual accounts and to prepare the financial statements on the accrual basis of accounting in accordance with various grant agreements. In addition, nets assets that had been designated by the Board of Directors have been restated as designated unrestricted net assets versus temporarily restricted net assets. The net assets have been restated as of December 31, 2006 as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
As originally reported – December 31, 2006	\$ 135,684	\$ 30,000
Record the following:		
Grants receivable	48,577	
Prepaid expenses	3,447	
Accounts payable	(10,859)	
Reclassify Board designated funds	<u>30,000</u>	<u>(30,000)</u>
Balances restated – December 31, 2006	\$ <u>206,849</u>	\$ <u>      -</u>

**Note 8 - EXISTENCE OF CONCENTRATION IN SUPPORT RECEIVED**

The YSB received approximately 53% and 11% of its support from State of Indiana and Federal programs during 2007, respectively. These funding sources represent 82% of the December 31, 2007 grants receivable. In the event that this support were to be eliminated, it is likely that the YSB would need to reduce its current operations. With the exception of Mentoring of Children of Prisoners, which concluded in September 2007, the YSB does not expect in any way that the support from these sources will be lost in the near term.



*From Vision to Solution*

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

Board of Directors  
Montgomery County Youth Service Bureau, Inc.  
Crawfordsville, Indiana

We have audited the financial statements of Montgomery County Youth Service Bureau, Inc. (a nonprofit organization) as of and for the year ended December 31, 2007 and have issued our report thereon dated September 12, 2008. 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 Montgomery County Youth Service Bureau, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a control deficiency. Control deficiencies 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 Indiana Montgomery County Youth Service Bureau, Inc.'s ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The control deficiency is inadequate segregation of duties consistent with appropriate control objectives.

- Inadequate segregation of duties consistent with appropriate control objectives.
- Montgomery County Youth Service Bureau, Inc. does not have individuals who possess the qualifications and training necessary in order to apply generally accepted accounting principles in recording the entity's financial transactions and preparing its financial statements.

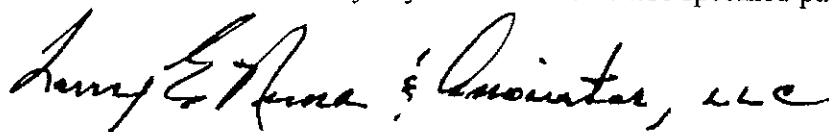
A material weakness is a control deficiency in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by

employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the control deficiency described regarding inadequate segregation of duties is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Montgomery County Youth Service Bureau, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the finance committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Plainfield, Indiana  
September 12, 2008