



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Hamilton County Commissioners
138 East Court Street, Rm 603
Cincinnati, Ohio 45202

We have performed the procedures enumerated below, with which the County Commissioners and the management of Hamilton County (the County) agreed, solely to assist the County in evaluating interfund transaction (IT), revenues and expenditures similar in nature to those transactions tested as part of the Auditor of State Special Audit of the Hamilton County Department of Job and Family Services (HCDJFS) for the period July 1, 2000 through June 30, 2004 and the audit of the 2007 financial statements, as noted below. Hamilton County's management is responsible for the interfund transactions (IT), revenues and expenditure accounting records. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For the period July 1, 2004 through December 31, 2006, applied the procedures described below to interfund transaction (IT), revenues and expenditures similar in nature to those transactions tested as part of the Auditor of State Special Audit of the Hamilton County Department of Job and Family Services for the period July 1, 2000 through June 30, 2004 and the audit of the 2007 financial statements to:

Interfund Transactions (IT):

- Determine whether ITs for reimbursements and allocation of cost were made in accordance with related grant agreements, voter-approved levy language, or other restrictions applicable to the funding source, and to determine that documentation supported the proper reclassification of error corrections;
- Determine whether ITs identified as transfers were made in accordance with Ohio Revised Code Sections 5705.14 through .16;
- Determine whether the County reclassified inter-fund reimbursements, originally recorded through ITs on a cash basis, in accordance with GAAP on the entity-wide and fund financial statements.

Protect Ohio Balances:

- Determine whether unspent balances related to the ProtectOhio program were retained in the appropriate fund.

ITs recorded by the County for this period were an accounting mechanism to record in funds and departments: reimbursements, allocation of cost, corrections of errors, and transfers. The transaction listings of ITs, revenues and expenditures will be generated from a query of the County's *Performance* system.

Table 1			
<i>Opinion Unit</i>	<i>Materiality Factor</i>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
General	\$ 360,000	\$ 325,000	\$ 350,000
Public Assistance-Special Revenue	250,000	225,000	300,000
Health and Human Services-Special Revenue	415,000	420,000	465,000
Nonmajor Fund	595,000	250,000	250,000

Interfund Transactions (IT) Procedures

1. We obtained from the County Auditor's *Performance* Accounting System queries of all interfund transactions (IT) recorded in the General fund, Children Services fund (CS fund), Public Assistance fund (PA fund), and the Child Support fund (CSEA) fund). Additionally, we obtained queries of all receipts and disbursements of the Hillcrest Training School (School) and the Youth Center (Center) accounted for in the General Fund. Queries were obtained for the period July 1, 2004 through December 31, 2006.
2. We sorted the transactions query and selected all transactions equal to or exceeding the materiality factor in Table 1 for the related year and opinion unit. We then categorized the selected ITs for further review based on results of Auditor of State Special Audit of Hamilton County Department of Job and Family Services for the period July 1, 2000 through June 30, 2004 and the audit of the 2007 financial statements.
3. We scanned descriptions of the IT transactions equal to or exceeding the materiality factors in Table 1 for the related year and opinion unit to determine whether:
 - a. Transactions recorded as expenditures or reimbursements met the definition of these terms from GASB Codification 1800.102(b)(2), which defines interfund reimbursements as repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. GASB Codification 1800.103-.105 further explains these transactions be eliminated to remove the overstatement of revenues and expenditures, resulting from these transactions.

We identified IT transactions exceeding materiality factors of Table 1 that met the definition of reimbursements per GASB Codification 1800.102(b). There have been no financial adjustments by the County Auditor to eliminate these transactions from being displayed in the financials. Table 2 summarizes the amounts identified as reimbursements and the resulting reductions of revenues and expenditures to record these transactions in accordance with the GASB.

Table 2-Reductions of Revenues and Expenditures Needed to Eliminate Reimbursements				
	General	Public Assistance	Health and Human Services	Nonmajor
	2004			
<i>Revenues</i>				
CFS	\$ 10,502,750	\$ 24,311,878	-	-
Intergovernmental	3,210,609	-	\$ 3,271,513	-
Other	3,213,764	2,950,820	-	\$ 415,524
Total Revenue	16,927,123	27,262,697	3,271,513	415,524
<i>Expenditures</i>				
General Government	2,662,150	-		
Judicial	12,660,488			
Public Safety	1,604,485			
Social Services	-	27,262,697	1,471,513	-
Health	-	-	1,800,000	415,524
Total Expenditures	16,927,123	27,262,697	3,271,513	415,524
	2005			
<i>Revenues</i>				
Charges for Services	\$ 12,326,128	\$ 42,259,320	-	
Intergovernmental	2,210,404	-	\$ 1,875,000	
Other	5,666,690	3,639,431	-	\$ 528,511
Total Revenue	20,203,222	45,898,751	1,875,000	528,511
<i>Expenditures</i>				
General Government	2,715,377	-		
Judicial	15,924,258			
Public Safety	1,563,587			
Social Services		45,898,751		
Health	-	-	1,875,000	528,511
Total Expenditures	20,203,222	45,898,751	1,875,000	528,511
	2006			
<i>Revenues</i>				
CFS	\$ 10,715,842	\$ 24,701,101		
Intergovernmental	1,787,331	1,145,750	\$ 1,900,000	
Other	4,138,009	-	1,989,035	\$ 380,250
Total Revenue	16,641,183	25,846,851	3,889,035	380,250
<i>Expenditures</i>				
General Government	3,155,636	-		
Judicial	11,765,411	-		
Public Safety	1,720,135	-		
Social Services	-	25,846,851	1,989,035	
Health	-	-	1,900,000	380,250
Total Expenditures	16,641,182	25,846,851	3,889,035	380,250

- b. IT expenditures representing cost allocations agree to supporting computations and adhere to cost allocation plan criteria established by: Ohio Administrative Code (OAC) Section 5101:9-1-04 (A) to allocate administrative costs to various Income/Maintenance(IM) grants within the PA fund; OAC Section 5101:9-1-04 (B) to allocate administrative costs to various Social Services(SS) grants within the PA fund; OAC Section 5101:9-1-05 to allocate agency-wide indirect costs applicable to the organizational unit(s) reporting to HCDJFS' director; and the County-approved cost allocation plan.

We determined that the ITs in the following amounts did not adhere to the cost allocation plan for the reasons described in notes i through iii:

Cost Allocations Not Supported or Meeting OAC Criteria			
<u>Expenditures</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
i. HMG-IM	\$ 400,000	-	-
ii. CSCAP-Shared	575,409	\$ 514,424	\$ 333,709
iii. County Facilities-Shared	725,000	941,974	1,013,973
iv. AHU-Shared	2,245,106	-	-
Total	\$ 3,945,515	\$ 1,456,398	\$ 1,347,682

- i. *Help Me Grow(HMG)-IM 2004* - HCDJFS contracted with the Family and Children First Council (FCFC) to provide Help Me Grow services. Per the contract, HCDJFS transfers TANF funds for the contracted services, to FCFC. During 2004, a \$400,000 transfer was incorrectly charged to the IM Cost Pool. HMG services do not benefit more than one program as required by the OAC. The state coding indicates that this is an unallowable costs, but both IM Cost Pool and TANF charges are accounted for in the PA fund, and the error amounts do not have a fund balance effect.
- ii. *Central Service Cost Allocation Plan (CSCAP) Shared* - The County combined CSCAP expenditures and charged them to the Shared Cost Pool in the PA fund instead of charging them directly to the PA, CSEA, and WIA funds as required by the CSCAP in the following amounts:

Amounts not meeting OAC 5101:9-1-05 Criteria for Shared Cost Pool			
<u>Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
IM	\$ 41,398	-	\$ 13,773
SS	499,528	\$ 514,424	241,947
CSEA	34,481		77,251
WIA	-	-	738
Total	\$ 575,407	\$ 514,424	\$ 333,709

Shared and Social Service(SS) costs are accounted for in the PA fund, and the error amounts do not have a fund balance effect. Child Support Enforcement Agency (CSEA) and Work Investment Act (WIA) are charges of the Health and Human Services Levy (HHS) and Non-Major funds, but the error amounts do not exceed Table 1 materiality.

County Facilities Services at 237 W.H. Taft Building – The CSCAP includes allocated costs for the Taft building insurance, building capital, and county facilities. However, ITs for these allocated costs were not processed in accordance with the CSCAP. In 2004, Suzanne Burke, HCDJFS Director, and Ralph Linne, Director of County Facilities negotiated a county facilities cost allocation for an amount different that the CSCAP. In

2005 and 2006, the HCDJFS county facilities cost allocation was based on actual wages and expenditures. There is no record of approval of these alternative cost allocations by the Board of County Commissioners. Variances between the CSCAP and actual cost allocations follow:

HCDJFS Reimbursements for County Facilities Comparison			
	<u>2004</u>	<u>2005</u>	<u>2006</u>
CSCAP	\$ 1,031,911	\$1,150,152	\$ 1,314,168
Actual per IT	725,000	941,974	1,013,973
Variance	\$ (306,911)	\$ (208,178)	\$ (300,195)

These variances between the CSCAP and the actual costs where no supporting documentation or alternative approval was provided do not have a fund balance impact.

- iii. Air Handling Unit (AHU) Project at 237 W.H.Taft- On November 5, 2004, IT019506 for \$2,245,106 was processed as a reimbursement from the HCDJFS PA fund to the Capital Project fund for an Air Handling Unit project at 237 William Howard Taft (one of the HCDJFS locations leased from the County). On December 5, 2004, IT20753 for \$20,000 was processed as additional funding for the project. The total of these ITs in the amount of \$2,265,106 was charged against the Shared Cost pool within the PA fund as building maintenance. Project expenditures totaling \$2,144,528 occurred in 2004, 2005, and 2006. The remaining project balance of \$120,578 was returned to the PA fund from the Capital Project fund in 2007 via IT004854. This transaction was recorded as a residual equity transfer in the PA fund and residual equity transfer out for the Capital Project fund.

OAC Section 5101:9-1-04(A)(3) states, in part, the general principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local government agencies, found in 2 C.F.R. part 225 and described in rule [5101:9-1-15](#) of the Administrative Code, apply to the allowability for charging administrative costs to these federal programs. Specifically, 2 C.F.R. part 225 Appendix B. Section 15 (5) states that equipment and other capital expenditures are unallowable as indirect costs. Additionally, the project costs were submitted for federal reimbursement before costs were incurred.

The AOS requested additional detail from HCDJFS to support this was an allowable federal expenditure. As of October 3, 2011, HCDJFS was unable to provide support indicating this was an allowable charge to the Shared Cost Pool within the PA fund. The AOS confirmed with Tracy Gothard, Region 7 Supervisor of Ohio Department of Job and Family Services (ODJFS) on February 27, 2012 that the nature of transaction as a prepayment does not meet allowability standards.

Therefore, the net project costs of \$2,144,528 should not have been charged to the shared costs pool, as it was not an allowable cost from the program / fund.

The County was reimbursed by ODJFS for the expenditures related to this unallowed cost. The County should contact ODJFS for resolution of this issue.

- c. Documentation supports the proper reclassification of IT transactions made to correct errors.

We noted no exceptions.

- 4. We determined whether transactions equal to or exceeding the materiality factor in Table 1 identified as IT expenditures from the PA fund, CS fund, and CSEA fund were supported by documentation (such as vendor invoices or information prepared by departments) and were for a purpose related to the voter-approved levy language, the purpose allowed by the fund, and/or within applicable grant guidelines.

PA Fund-Help Me Grow (HMG) TANF Contracts with Family Children First Council(FCFC): We identified the following amounts exceeding the materiality factor in Table 1 processed as IT expenditures from the PA fund to the FCFC for the period July 1, 2004 through December 31, 2006:

<u>PA Fund to FCFC for HMG</u>		
<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 1,725,290	\$ 2,719,782	\$ 2,585,007

We noted the following exceptions related to these ITs:

HCDJFS contracted with FCFC for administration of the TANF HMG program. The contract required HCDJFS to provide funding to FCFC via monthly interfund transfers amounts identified in the contract. The contract also states that at the end of the contract FCFC will perform reconciliation and return any unused funds to HCDJFS. HCDJFS did not provide funding via monthly transfers. Also, neither HCDJFS nor FCFC provided documentation of the required reconciliation.

Finally, these payments, except for \$400,000 from 2004 charged to IM cost pool (as noted in Step 3b.i), are charged against TANF for State reporting. All of the above payments were made from the PA fund by HCDJFS. There was insufficient supporting documentation provided to determine whether these payments were in accordance with federal grant requirements, or if any funds should have been returned to the PA fund.

CS Fund-PCSA Shared Cost Reimbursements – HCDJFS charges agency-wide indirect costs to the Shared Cost Pool in the PA fund. The County utilizes Random Moment Sampling (RMS) to accurately determine the PCSA administrative costs associated with the operation of Child Welfare. The administrative costs are determined by ODJFS using the RMS and these costs are reported to the County from ODJFS in a CORE system report.

During December 2004, HCDJFS processed IT020644 for \$18,000,000 from the CS Fund to the PA fund. Mike Hiles, Hamilton County Job and Family Services (HCDJFS), indicated on June 28, 2011 that the transfer was to reimburse the PA fund for PCSA administrative expenses; however he also indicated that there is no additional documentation available.

As part of the 2007 financial audit of Hamilton County, the Auditor of State was able to reconcile PCSA reimbursements of Shared Costs from the CS Levy fund to the PA fund in accordance with ODJFS instructions. This reconciliation included 4th quarter SSRMS and transfers made starting in 2005 by HCDJFS. Considering insufficient documentation for the above \$18,000,000 transfer, we were unable to reconcile this amount in accordance with ODJFS calculation requirements to determine the allowable amount. In accordance with the foregoing facts we hereby issue a Finding For Adjustment against the PA fund (002-023) for \$18,000,000 in favor of CS fund (003-001).

5. We identified receipts, disbursements, and ITs to the Hillcrest Training School (School) and the Youth Center (Center) to:

- a. Reviewed receipt transactions and identified the amounts of receipts from tax levies, reimbursements from the County, state grants, and federal grants.

We identified receipts in these categories.

- b. Determined where amounts reimbursed from Children Services through receipts and ITs were for School-related and Center-related purposes by comparing the receipt sources to the tax levy ballot language and grant agreements.

We found no exceptions.

- c. Identified the funding source for amounts transferred to the County's General Fund for the School and Center and determine whether the funds were transferred from an allowable funding source and were in accordance with prosecutorial opinions and grant requirements of the funds from which they were transferred.

We found no exceptions.

- d. For transactions identified as School and Center disbursements and ITs accounted for as disbursements, determined whether these transactions were supported by documentation and expended in accordance with any restrictions placed on the funds by the receipt source.

We identified no receipts or disbursements through steps 1 and 2 related to the School or Center that exceeded the materiality factors in Table 1. ITs accounted for as disbursements were supported by documentation and in accordance with funding restrictions. The disbursement ITs were reimbursements to the general fund and were not classified in accordance with Step 3 a. Amounts are included in the summary table presented in Step 3.a.

6. We identified those IT transactions equal to or exceeding the materiality factor in **Table 1** for the related year and opinion unit that were classified as *transfers* and determined compliance with Ohio Revised Code Sections 5705.14 through .16.

We noted the following exceptions related to the CSEA program. The CSEA program is required to provide a local match. HCDJFS obtained a HC prosecutor opinion on December 20, 2005 that the CS Levy as an allowable source for proving the local match for the CSEA program. However, these transactions do not meet ORC 5705.14-.16 criteria for allowable transfers and therefore should not be reported as such. As noted in Step 3 above, these transactions would be more accurately reported as reduction of expenditure in the CSEA fund and expenditure in the CS Levy fund, as follows:

Non-Compliant Transfers				
Opinion Unit-Fund	Line Item Recorded	2005 Amount	2006 Amount	Correct Line Item
Other-CSEA	Transfer In	\$1,425,000	\$3,664,522	Reduction of Expense
HHS-CS Levy	Transfers Out	\$1,425,000	\$3,664,522	Expense

ProtectOhio Procedures

1. We obtained from the County Auditor's office a *Performance* query of all IT receipts and disbursements for the period July 1, 2004 through December 31, 2006 identified with the ProtectOhio user codes. We recalculated unspent ProtectOhio cash as of December 31, 2006 as follows:
 - a. We identified the following as the sum total ProtectOhio cash received annually between July 1, 2004 through December 31, 2006, from information obtained through a query of the County Auditor's office *Performance* system and review of HCDJFS financial database. Accurate information could not be obtained via the Performance system only so we reviewed the HCDJFS financial data base used for reporting to ODJFS in order to gain the necessary information to test this procedure.

Protect Ohio Receipts			
<u>Jul-Dec 2004</u>	<u>2005</u>	<u>2006</u>	<u>Total</u>
\$ 6,821,630	\$ 17,250,880	\$ 1,411,484	\$ 25,483,994

Per communications dated February 10, 2006, ODJFS notified Hamilton County that capitation payments for ProtectOhio would be suspended effective February 1, 2006 pending execution of participation agreement. Review of receipts corresponds with this notification. January 2006 was the last posted revenue for Protect Ohio.

- b. We obtained ProtectOhio sum total annual disbursement detail from the County Auditor's office between July 1, 2004 through December 31, 2006, from information obtained through a query of the County Auditor's office *Performance* system. As noted in Step a. above, accurate information could not be obtained via the Performance system only so we reviewed the HCDJFS financial data base used for reporting to ODJFS in order to gain the necessary information to test this procedure. We obtained a query from the HCDJFS financial database used to summarize expenditures for reporting to ODJFS and noted variances with the *Performance* system expenditures. Per review of detail, variances existed due to differences in source general ledgers from Performance as well as internal adjustments made by HCDJFS for reporting to ODJFS. HCDJFS indicated internal adjustments made are not reported back to the County Auditor when Performance User Code information is the only reason for changes. However, during review of the internal adjustments, we identified changes to Performance User Codes that also affected fund balance and not solely State reporting, resulting in differences (noted in the table below) in the County Auditor financial system compared to reporting to ODJFS for federal and state reimbursements.

Ohio Administrative Code Section 117-2-02(A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code. In accordance with the foregoing facts we hereby issue a Finding For Adjustment against the PA fund (002-023) for \$11,841,985 in favor of the CS fund (003-001) of Health Human Services opinion unit.

Fund Balance Adjustments		
	<u>PA Fund</u>	<u>CS Levy Fund**</u>
2005	(\$ 409,713)	\$ 409,713
2006	(11,432,272)	11,432,272
Total Fund Balance Adjustment	\$ (11,841,985)	\$ 11,841,985

**This fund is reported within the Health and Human Services Levy Fund opinion unit in the financial statements of the County.

Based on the query from the HCDJFS financial database, we determined the following to be the sum total of ProtectOhio expenditures reported to ODJFS by HCDJFS:

Protect Ohio Expenditures			
<u>Jul-Dec 2004</u>	<u>2005</u>	<u>2006</u>	<u>Total</u>
\$ 2,300,703	\$ 23,726,250	\$ (8,441,594)	\$ 7,585,359

- c. We deducted the disbursements from step b. from the receipts in step a. and calculated the unspent ProtectOhio cash as of December 31, 2004, 2005, and 2006.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Total 7-1-04 thru 12/31/06</u>
Protect Ohio Revenues	\$ 6,821,630	\$ 17,250,880	\$ 1,411,484	\$25,483,994
Protect Ohio Expenditures	2,300,703	23,726,250	(8,441,594)	17,585,359
Unspent Protect Ohio	\$ 4,520,927	\$ (6,475,370)	\$ 9,853,078	\$ 7,898,635

- d. We compared the annual amount of unspent ProtectOhio cash calculated in step c. to the balance in the CS Levy Fund at December 31, 2004, 2005 and 2006.

	<u>2004</u>	<u>2005</u>	<u>2006</u>
CS Levy Fund Balance	\$ 7,720,340	\$ 9,647,149	\$ 4,700,994
Adjustments (see step b.)	-	409,713	11,432,272
Adjusted Fund Balance	\$ 7,720,340	\$ 10,056,862	\$ 16,133,266
Unspent Protect Ohio (see step c.)	\$ 4,520,927	\$ (6,475,370)	\$ 9,853,078

Due to the CS Levy Fund including more than ProtectOhio transactions, we further calculated unspent capitation and cost neutrality ProtectOhio payments and determined they did not exceed the adjusted fund balance.

A letter dated May 24, 2006 to the Hamilton County Commissioners from ODJFS regarding ProtectOhio. ODJFS requested repayment of capitation and cost neutrality payments totaling \$5,941,296.57. This was the amount paid by ODJFS to HCDJFS from October 1, 2005 thru January 31, 2006. HCDJFS and the County Auditor were not aware of repayment of this request. ODJFS did reinstate HCDJFS as a IV-E Waiver (Protect Ohio) County effective October 1, 2007.

For the period of July 1, 2004 through December 31, 2007, federal assistance expended from the Hamilton County Department of Jobs and Family Services, as it relates to these agreed upon procedures, was not within the scope of the County's A-133 audit. Had these disbursements been within the scope of our Single Audit, we would have reported some of these amounts as federal questioned costs.

Summary of Findings for Adjustment

	Opinion Unit	
	PA	HHS Levy (CS levy fund)
1. <u>CS Fund-PCSA Shared</u>		
<u>Cost Reimbursements – 4</u>	<u>(18,000,000)</u>	<u>18,000,000</u>
2. <u>Protect Ohio Auditor of State</u>	<u>(11,841,985)</u>	<u>11,841,985</u>
<u>Total</u>	<u>(\$29,841,985)</u>	<u>\$29,841,985</u>

Officials' Response:

Preface:

This response is to address the two (2) items contained in the report that are identified as items to make fund adjustments as an outcome of the meeting held on September 5th with representatives of: Auditor of State, Hamilton County Auditor, Hamilton County Prosecutor's office and Hamilton County Job and Family Services. As was discussed at the closing conference no other items were identified as amounts for adjustments; therefore we are not providing a response to any other items except for those items for which an adjustment has been proposed. In this same regard HCJFS' lack of response to the other issues presented should not be construed as HCJFS' agreement to, acceptance of or acquiescence to those matters.

Item: Interfund Transactions (IT) Procedures (4):

"As part of the 2007 financial audit of Hamilton County, the Auditor of State was able to reconcile PCSA reimbursements of Shared Costs from the CS Levy fund to the PA fund in accordance with ODJFS instructions. This reconciliation included 4th quarter SSRMS and transfers made starting in 2005 by HCDJFS. Considering insufficient documentation for the above \$18,000,000 transfer, we were unable to reconcile this amount in accordance with ODJFS calculation requirements to determine the allowable amount. In accordance with the foregoing facts we hereby issue a Finding For Adjustment against the PA fund (002-023) for \$18,000,000 in favor of CS fund (003-001)."

Response:

At the time of this transfer (December 27, 2004), HCJFS utilized procedures which have also been the subject of review during the "Special Audit" and subsequent Auditor of State audits. These procedures, however, have been changed to standards which have been found to be within acceptable limits by the Auditor of State. This is evidenced in the first part of the above paragraph in reference to the 2007 audit.

Despite the Finding For Adjustment, HCJFS has documented expenditures that supported the need to transfer funds from the Children Services fund to the Public Assistance fund. This was required by the Ohio Administrative Code to reimburse the Public Assistance Fund for allowable expenditures based upon the claims submitted for those expenditures, reimbursements and for the required match.

The procedure that has been accepted since 2007 and uses the same base methodology for the transfer as the document attached for the 2004 period.

Item: ProtectOhio Procedures (1)(b):

The Auditor of State proposes an adjustment of the following:

Year	PA Fund (from)	Children Services Fund (to)
2005	\$ 409,713	\$ 409,713
2006	\$ 11,432,272	\$ 11,432,272
Total	\$ 11,841,985	\$ 11,841,985

Response:

This adjustment is to reconcile expenses charged to programs and their associated revenues. HCJFS reviewed the information and is in agreement with the adjustment. HCJFS prepared the necessary financial documents for the transfer and has submitted them to the County Auditor for processing to in order accomplish the transfer and resulting adjustment.

Auditor of State's Conclusion:

Regarding the Officials' response to *Interfund Transactions (IT) Procedures (4)*: The "Special Audit" referred to in the Officials' response covers a period ending June 30, 2004. The IT transaction related to the \$18 million finding for adjustment occurred in December 2004. Auditors issued a finding for adjustment because the HCDJFS did not provide any supporting documentation for the IT transaction, so auditors were unable to reconcile this amount in accordance with ODJFS calculation requirements to determine the allowable amount.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the County's interfund transaction (IT), revenues and expenditures similar in nature to those transactions tested as part of the Auditor of State Special Audit of the Hamilton County Department of Job and Family Services for the period July 1, 2000 through June 30, 2004 and the audit of the 2007 financial statements to. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, County Commissioners, and others within the County, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

November 27, 2012

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HAMILTON COUNTY FINANCIAL CONDITION AUP – IT TRANSACTIONS

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 20, 2012