



Dave Yost • Auditor of State

HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances – All Governmental Fund Types - For the Year Ended December 31, 2016	5
Notes to the Basic Financial Statements	7
Schedule of Expenditures of Federal Awards	13
Notes to the Schedule of Expenditures of Federal Awards	14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	17
Schedule of Findings	19
Prepared by Management:	
Corrective Action Plan	21

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Hamilton County Family and Children First Council
Hamilton County
222 East Central Parkway
Cincinnati, Ohio 45202

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Hamilton County Family and Children First Council, Hamilton County, (the Council) as of and for the year ended December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1C of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Council does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2016, or changes in financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Hamilton County Family and Children First Council, Hamilton County as of December 31, 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1C.

Emphasis of Matter

The Council restated the General Fund beginning balance from \$207,523 to \$244,824 to include an additional \$37,301 cash balance that was omitted from the prior year financial statements.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2017, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

September 26, 2017

This page intentionally left blank.

**FAMILY AND CHILDREN FIRST COUNCIL
HAMILTON COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Totals (Memorandum Only)
<u>Cash Receipts:</u>			
Intergovernmental - State	\$0	\$427,524	427,524
Intergovernmental - Federal	0	972,227	972,227
<i>Total Cash Receipts</i>	0	1,399,751	1,399,751
<u>Cash Disbursements:</u>			
Contractual Services	0	2,058,282	2,058,282
Services and Charges	8,036	0	8,036
<i>Total Cash Disbursements</i>	8,036	2,058,282	2,066,318
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,036)	(658,531)	(666,567)
<i>Net Change in Fund Cash Balances</i>	(8,036)	(658,531)	(666,567)
<i>Fund Cash Balances, January 1 (Restated)</i>	244,824	2,044,070	2,288,894
<u>Fund Cash Balances, December 31:</u>			
Restricted	0	1,385,539	1,385,539
Assigned	3,690	0	3,690
Unassigned (Deficit)	233,098	0	233,098
<i>Fund Cash Balances, December 31</i>	\$236,788	\$1,385,539	\$1,622,327

Notes are in a separate document

This page intentionally left blank.

**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. Reporting Entity/Summary of Significant Accounting Policies

A. Description of the Entity

Ohio Revised Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required each Board of County Commissioners to establish a County Family and Children First Council. Statutory membership of County Council consists of the following individuals:

- a. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
- b. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
- c. The Director of the County Department of Job and Family Services;
- d. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
- e. The Superintendent of the County Board of Developmental Disabilities;
- f. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
- g. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
- h. A representative of the municipal corporation with the largest population in the County;
- i. The President of the Board of County Commissioners or an individual designated by the Board;
- j. A representative of the regional office of the Ohio Department of Youth Services;
- k. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- l. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- m. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. Reporting Entity/Summary of Significant Accounting Policies (Continued)

- n. At least three individuals who are not employed by an agency represented on the council and whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

A County Family and Children First Council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the Council.

The purpose of the County Council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the "Individuals with Disabilities Education Act of 2004";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Reporting Entity

The County's Council membership includes representation from the Hamilton County Board of County Commissioners, the Hamilton County Board of Developmental Disabilities, the Hamilton County Juvenile Court, the City of Cincinnati, the Cincinnati Public Schools, and the Hamilton County Department of Job and Family Services. The purpose of the Council is to identify ways in which systems serving children can provide services to the community in the most efficient and effective manner.

The Executive Committee is the governing and policy-making body. The Council is responsible for establishing broad goals, objectives, and policy statements. This committee is responsible for the creation of all standing committees and task groups of the Council. The Council is legally entitled to and can otherwise access the organization's resources.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. Reporting Entity/Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

D. Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council classifies its funds into the following types:

General Fund – The General Fund is the operating fund of the Council. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – These funds are used to account for and report specific sources (other than from trusts or for capital projects) that are restricted or committed to expenditure for specified purposes. The Council had the following significant Special Revenue Funds:

Help Me Grow Grant Fund – This fund receives state and federal grant monies restricted for the purpose of the Maternal and Child Health Services grant provisions.

Special Education Grant – Infants and Families (HMG-Part C) – This fund receives federal grant monies restricted for expectant parents; newborns and their families; and infants and toddlers at risk for or with developmental delays and disabilities and their families.

Family-Centered Services and Supports Fund – This fund receives grant monies restricted for maintaining children and youth in their homes and communities by meeting the multi-systemic needs of children receiving service coordination.

E. Administrative/Fiscal Agent

The Hamilton County Auditor serves as the fiscal agent and maintains the Council's funds in a separate agency fund.

**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. Reporting Entity/Summary of Significant Accounting Policies (Continued)

Section 121.37(B)(5)(a), Ohio Revised Code, states that each county council shall designate an administrative agent. As permitted by Section 121.37(B)(5)(b)(i), where the board of county commissioners has been designated as the administrative agent, the board may by resolution delegate any of its powers and duties as administrative agent to an executive committee that the board establishes from the membership of the county council. The Council designated the Hamilton County Board of County Commissioners as administrative agent, which has subsequently delegated its duties to an Executive Committee. Beginning on July 1, 2012 the Hamilton County Department of Job and Family Services assumed the role of administrative agent.

F. Budgetary Process

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The Council filed the annual budget with the County Budget Commission.

G. Cash and Investments

The Council designated the Hamilton County Auditor as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with the Hamilton County Treasurer and fund expenditures and balances are reported through the Hamilton County Auditor. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount.

H. Property, Plant and Equipment

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

I. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation.

**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. Reporting Entity/Summary of Significant Accounting Policies (Continued)

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from the overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

2. Equity in Pooled Cash and Investments

The Hamilton County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of the Hamilton County Auditor's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Hamilton County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31 was \$236,788 for the General Fund and \$1,385,539 for Special Revenue Funds

The Council designated the Hamilton County Board of County Commissioners as administrative agent, which has subsequently delegated its duties to the Hamilton County Department of Job and Family Services beginning on July 1, 2012.

3. Risk Management

Personal Property of the Council is covered under an insurance policy maintained by Hamilton County. The Council has no liability or employee dishonesty insurance.

**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

4. Restatement of Fund Cash Balance

During the fiscal year ended December 31, 2015, the Council failed to include \$37,301 in the General Fund Beginning Cash Balance. This caused December 31, 2015 ending cash balance, as well as December 31, 2016 beginning and ending cash balance, to be understated by the same amount. The correction of this error increased General Fund Beginning Cash Balance by \$37,301 and required a restatement of fiscal year 2016 financial statements as reflected in the Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances.

**HAMILTON COUNTY FAMILY & CHILDREN FIRST COUNCIL
HAMILTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED 2016**

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Health</i>				
Early Intervention Services:				
Special Education Grants for Infants and Families with Disabilities	84.181	N/A	\$ 918,921	\$ 918,921
Maternal, Infant and Early Childhood Home Visiting Program	93.505	N/A	\$ 5,600	\$ 5,600
Total U.S. Department of Education				<u>924,521</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Mental Health</i>				
Family Centered Services and Supports (FCSS)	93.556	N/A	\$ 199,600	\$ 199,600
Family Centered Services and Supports (FCSS)	93.645	N/A	\$ 24,670	\$ 24,670
Children's Trust Fund	93.590	N/A	\$ 128,498	\$ 128,498
Total U.S. Department of Health and Human Services				<u>352,768</u>
Total Expenditures of Federal Awards				<u><u>\$1,277,289</u></u>

The accompanying notes are an integral part of this schedule.

**HAMILTON COUNTY FAMILY & CHILDREN FIRST COUNCIL
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Hamilton County Family and Children First Council (the Council's) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Council.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Council has elected **not** to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

The Council passes certain federal awards received from US Department of Education and US Department of Health and Human Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Council reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Council has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.



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*

Hamilton County Family and Children First Council
Hamilton County
222 East Central Parkway
Cincinnati, Ohio 45202

To the Members of Council:

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 Hamilton County Family and Children First Council, Hamilton County, Ohio (the Council) as of and for the year ended December 31, 2016, and the related notes to the financial statements and have issued our report thereon dated September 26, 2017, wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, and that the Council restated the General Fund beginning balance from \$207,523 to \$244,824 to include an additional \$37,301 cash balance that was omitted from the prior year financial statements.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council'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 Council'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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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*.

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 Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council'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 style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

September 26, 2017



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Hamilton County Family and Children First Council
Hamilton County
222 East Central Parkway
Cincinnati, Ohio 45202

To the Members of Council:

Report on Compliance for the Major Federal Program

We have audited the Hamilton County Family and Children First Council's (the Council) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Hamilton County Family and Children First Council's major federal program for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Council's major federal program.

Management's Responsibility

The Council's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Council's compliance for the Council's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 Council'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 Council's major program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on the Major Federal Program

In our opinion, the Hamilton County Family and Children First Council complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2016.

Report on Internal Control Over Compliance

The Council'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 Council'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 the Uniform Guidance, 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 Council'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 Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

September 26, 2017

**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Adverse: GAAP Presentation Unmodified: Regulatory Basis
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA 84.181 Early Intervention Services (IDEA)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2016-001

Material Weakness

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 reasonableness of financial data.

The beginning fund balance in the General Fund was understated by \$37,301. This was the result of the balance not being carried forward from the 2014 financial statements to the 2015 financial statements. The Council made the adjustment noted to the 2016 financial statement and notes.

Failure to properly report fund balances could result in inaccurate financial statements and notes.

**FINDING NUMBER 2016-001
(Continued)**

We recommend due care be exercised when posting entries to the financial records and during the financial statement and note preparation process to reduce the risk of errors and assist in properly reflecting the Council's financial activity.

Officials' Response:

The Council has adjusted its financial statements and notes to include the necessary fund balances.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HAMILTON COUNTY

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2016

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	The Council has adjusted its financial statements and notes to include the necessary fund balances.	9/26/17	Mike Hiles

This page intentionally left blank.



Dave Yost • Auditor of State

HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

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
OCTOBER 10, 2017**