



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

Hamilton County Family and Children First Council
Hamilton County
125 East Court Street, Suite 350
Cincinnati, OH 45202

To the Members of Council

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

November 2, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hamilton County Family and Children First Council
Hamilton County
125 East Court Street, Suite 350
Cincinnati, Ohio 45202

To the Members of Council:

We have audited the accompanying financial statements of the Hamilton County Family and Children First Council, Ohio (the Council), as of and for the year ended December 31, 2010. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Councils to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2010, or its changes in financial position for the year then ended.

There were unsupported variances between the beginning and ending fund cash balances reported in the financial statements and the Hamilton County Auditor's accounting records. The Hamilton County Auditor is the Council's statutory fiscal agent. The variances are as follows:

<u>Date</u>	<u>Fund Cash Balance Reported in 2010 Annual Financial Report</u>	<u>Fund Cash Balance Reported in the County Auditor Accounting Records</u>	<u>Variance</u>
General Fund:			
January 1, 2010	\$147,589	\$794,766	(\$647,178)
December 31, 2010	32,495	660,109	(627,615)
Special Revenue Funds:			
January 1, 2010	2,088,474	2,081,890	6,586
December 31, 2010	1,765,013	1,774,645	(9,630)

In addition, we were unable to obtain audited financial statements or other sufficient evidence to support the January 1, 2007 balances in the previous audits for the general and special revenue funds. Therefore, in addition to the variances noted above, we were unable to obtain sufficient evidence to support the January 1, 2010, balances for the general and special revenue funds.

In our opinion, except for the effects of adjustments, if any, as might have been necessary had we been able to examine evidence regarding January 1 and December 31, 2010 cash balances described in the preceding paragraphs, the financial statements referred to in the first paragraph above, present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Hamilton County Family and Children First Council, Ohio, as of December 31, 2010, and its combined receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2011, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Council's financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Dave Yost
Auditor of State

November 2, 2011

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$0	\$5,497,386	\$5,497,386
Children First Plan	696,776	0	696,776
Membership Dues	67,350	0	67,350
Training & Seminars	7,058	0	7,058
	<u>771,184</u>	<u>5,497,386</u>	<u>6,268,570</u>
Total Cash Receipts			
	<u>771,184</u>	<u>5,497,386</u>	<u>6,268,570</u>
Cash Disbursements:			
Contractual Payments	254,328	5,388,525	5,642,853
Salaries & Fringe Benefits	532,315	378,415	910,730
Rent	24,019	12,775	36,794
Audit Expenses	32,841	21,000	53,841
Office Supplies	3,137	189	3,326
Equipment	5,989	0	5,989
Travel & Mileage	880	1,740	2,620
Postage	1,030	164	1,194
Maintenance	2,291	0	2,291
Miscellaneous	26,217	5,060	31,277
Printing, Publishing & Advertising	3,231	12,979	16,210
	<u>886,278</u>	<u>5,820,847</u>	<u>6,707,125</u>
Total Cash Disbursements			
	<u>886,278</u>	<u>5,820,847</u>	<u>6,707,125</u>
Total Cash Receipts Over Cash Disbursements	<u>(115,094)</u>	<u>(323,461)</u>	<u>(438,555)</u>
Fund Cash Balances, January 1	<u>147,588</u>	<u>2,088,476</u>	<u>2,236,064</u>
Fund Cash Balances, December 31	<u>\$32,494</u>	<u>\$1,765,015</u>	<u>\$1,797,509</u>
Reserve for Encumbrances, December 31	<u>\$65,263</u>	<u>\$3,208,721</u>	<u>\$3,273,984</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Revised Code, created the Ohio Family and Children First Cabinet Council and required counties to establish county family and children first councils. The Hamilton County Family and Children First Council (the Council) was established on December 15, 1993. Statutory membership of a 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;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of job and family services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code (the public children's services agency);
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. A representative of a local nonprofit agency that funds, advocates, or provides services to children and families;
- g. 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 department of education, which shall notify each county of its determination at least biennially;
- h. 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;
- i. A representative of the municipal corporation with the largest city in the county;
- j. The president of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 of the Revised Code;
- m. 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";
- 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 per cent of the council's remaining membership.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Among others, a county council's statutory responsibilities include the following:

- a. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- b. Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
- c. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- d. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

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

Council Membership

The County's Council membership includes representation from the Hamilton County Board of County Commissioners, the Hamilton County Board of Mental Retardation and 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.

Administrative Agent

Section 121.37(B)(4)(a), Revised Code, states that each county council shall designate an administrative agent. As permitted by Section 121.37(B)(4)(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 has designated the Hamilton County Board of County Commissioners as administrative agent, which has subsequently delegated its duties to an Executive Committee.

Executive Committee

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 Executive Committee has appointed an Executive Director to assist in administering the powers and duties of the Council.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Council uses fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. All expenditures are made in accordance with an annual budget approved by the administrative body of the Council.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes.

D. Fiscal Agent

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

E. Budgetary Process

Section 121.37(B)(4)(a), Revised Code, states the Council shall file an annual budget with its administrative agent. A copy of the annual budget must also be filed with the County Auditor.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

2. EQUITY IN POOLED CASH

The Council's cash pool is maintained by the Hamilton County Auditor, which serves as the fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments, and the Hamilton County Treasurer is responsible for meeting compliance with those provisions. The Council's cash on deposit with the Hamilton County Treasurer at December 31, 2010 was reported by the County Auditor at \$660,109 for the General Fund and \$1,774,645 for the Special Revenue Funds; cash reported on the Council's accompanying financial statements is reported at \$32,494 for the General Fund and \$1,765,015 for the Special Revenue Funds.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

2. EQUITY IN POOLED CASH (Continued)

The Hamilton County Treasurer is responsible for maintaining adequate depository collateral for all funds in the Council's pooled cash and depository accounts.

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.

4. RETIREMENT SYSTEMS

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010, OPERS members contributed 10% of their gross salaries, and the Council contributed an amount equaling 14% of participants' gross salaries. The Council has paid all contributions required through December 31, 2010.

5. NONCOMPLIANCE

Contrary to Ohio Administrative Code Section 117-2-02(A), the Council did not properly maintain its accounting records sufficient to enable it to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

6. TRANSFER OF ADMINISTRATIVE AGENT RESPONSIBILITIES OF HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL.

In Resolution 28, the Hamilton County Board of Commissioners established the transfer of the administrative duties to Hamilton County Job and Family Services Department. This action was approved by the Hamilton County Executive Board in a special meeting on November 4, 2011 and is to be effective July 1, 2012.

HAMILTON COUNTY FAMILY & CHILDREN FIRST COUNCIL

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U. S. DEPARTMENT OF EDUCATION</u>			
<i>Passed through Ohio Department of Health</i>			
Early Intervention Services Cluster:			
Special Education Grants for Infants & Families with Disabilities	N/A	84.181	\$ 938,987
Special Education Grants for Infants & Families with Disabilities - American Recovery Act 2009	N/A	84.393A	952,572
Total Early Intervention Services Cluster			<u>1,891,559</u>
21st Century Community Learning Grant	N/A	84.287	<u>11,956</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,903,515</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through Ohio Department of Mental Health</i>			
Family Centered Services and Supports (FCSS)	N/A	93.556	319,736
<i>Passed through Ohio Department of Health</i>			
Maternal & Child Health Services Block Grant to the States	N/A	93.994	<u>463,442</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>783,178</u>
TOTAL			<u>\$ 2,686,693</u>

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Hamilton County Family and Children First Council, Hamilton County, Ohio (the Council), federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

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

As a subrecipient, the government 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 ACCOUNTANTS' 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
125 East Court Street, Suite 350
Cincinnati, Ohio 45202

To the Members of Council:

We have audited the financial statements of the Hamilton County Family and Children First Council, Ohio (the Council), as of and for the year ended December 31, 2010, and have issued our report thereon dated November 2, 2011, wherein we noted that the Council prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted that we were unable to obtain sufficient evidence to reasonably assure the accuracy of the beginning and ending fund balances. Except as noted in the previous sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings 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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated November 2, 2011.

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

We intend this report solely for the information and use of management, Council, federal awarding agencies and pass-through entities, and others within the Council. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

November 2, 2011



Dave Yost • Auditor of State

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

Hamilton County Family and Children First Council
Hamilton County
125 East Court Street; Suite 350
Cincinnati, Ohio 45202

To the Members of Council:

Compliance

We have audited the compliance of the Hamilton County Family and Children First Council, Ohio (the Council), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Council's major federal programs for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Council's major federal programs. The Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

The Council's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Council's internal control over compliance.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.auditor.state.oh.us

Hamilton County Family and Children First Council
Hamilton County
Independent Accountants' Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133
Page 2

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 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 will a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the Council's management in a separate letter dated November 2, 2011.

We intend this report solely for the information and use of management, Council, federal awarding agencies and pass-through entities, and others within the Council. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

November 2, 2011

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse on GAAP, qualified on regulatory basis
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Early Intervention Services (IDEA) Cluster – CFDA 84.181/84.393A; Promoting Safe and Stable Families – CFDA 93.556; and Maternal and Child Health Services Block Grant to the States – CFDA 93.994
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2010-001

Noncompliance/Material Weakness

Ohio Admin. Code Section 117-2-02(A) requires all local public offices to 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, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As stated in Part C of Article VIII of the Hamilton County Family and Children First by-laws dated March 12, 2009, the Hamilton County Auditor (the Auditor) shall act as “fiscal agent” for the Council. The amounts reported in the accounting system of the Hamilton County Auditor are the underlying source from which the Council’s annual financial report is prepared. In prior years, the Council maintained separate accounting records and variances were noted between the Council and County Auditor’s records. In 2010, the Council stopped maintaining separate accounting records throughout the year and relied on the financial information maintained by the County Auditor, however, at year end the Council made unsupported adjustments to the activity during the preparation of the annual financial report resulting in the following variances.

We compared receipt amounts reported in the 2010 annual financial report to the amounts reported in the records of the County Auditor and noted the following differences:

Account	Amount Reported in 2010 Annual Financial Report	Amount Reported by the County Auditor 2010	Difference
General Fund:			
Intergovernmental	\$0	\$2,726	(\$2,726)
Children First Plan	696,776	696,576	200
Training & Seminars	7,058	7,258	(200)
Special Revenue Funds:			
Intergovernmental	5,497,386	5,494,660	2,726

The Council was unable to identify the reasons for the differences in receipts noted above. While these differences are unresolved, they are not material to the financial statements.

**FINDING NUMBER 2010-001
(Continued)**

We also compared expenditure amounts reported in the 2010 annual financial report to the amounts reported in the records of the County Auditor and noted the following differences:

Account	Amount Reported in 2010 Annual Financial Report	Amount Reported by the County Auditor 2010	Difference
General Fund:			
Salaries & Fringe Benefits	\$532,315	\$531,994	(\$321)
Office Supplies	3,137	3,154	(17)
Audit Expenses	32,841	37,341	(4,500)
Equipment	5,989	6,084	(95)
Postage	1,030	1,110	(80)
Travel & Mileage	880	670	210
Printing, Publishing & Advertising	3,231	5,780	(2,549)
Rent	24,019	31,394	(7,375)
Contractual Payments	254,328	257,534	(3,206)
Miscellaneous	26,217	31,217	(5,000)
Special Revenue Funds:			
Salaries and Fringes	378,415	379,859	(1,444)
Office Supplies	189	198	(9)
Audit Expenses	21,000	16,500	4,500
Postage	164	84	80
Travel & Mileage	1,740	2,190	(450)
Printing, Publishing & Advertising	12,979	12,994	(15)
Rent	12,775	5,400	7,375
Contractual Payments	5,388,525	5,115,349	273,176
Miscellaneous	5,060	35	5,025

The Council was unable to identify the reasons for the differences in expenditures noted above. While these differences are unresolved, they are not material to the financial statements.

We also compared the beginning and ending cash balances reported in the 2010 annual financial report to the cash amounts reported in the records of the County Auditor and noted the following differences:

Date	Cash Balance Reported in 2010 Annual Financial Report	Cash Balance Reported by County Auditor	Variances
General Fund:			
January 1, 2010	\$147,588	\$794,766	(\$647,178)
December 31, 2010	32,494	660,109	(627,615)
Special Revenue Funds:			
January 1, 2010	\$2,088,476	\$2,081,890	\$6,586
December 31, 2010	1,765,015	1,774,645	(9,630)

**FINDING NUMBER 2010-001
(Continued)**

We also reviewed the unaudited financial statements of the Council for 2007, 2006, 2005 and 2004, and noted that the ending fund balances did not carry over to the beginning fund balances of the following year. These ongoing unsupported variances between the beginning and ending fund cash balances reported in the financial statements and the Hamilton County Auditor's accounting records resulted in a modified opinion on the Council's financial statements.

To ensure accuracy in the external financial reporting process and to assist the Council with internal monitoring, we recommend that procedures be established to properly document the reason for any differences between the County Auditor's accounting system and what is reported in the Council's annual financial report. We also recommend that the Council compare cash balances reported by the County Auditor to the cash balances reported in the annual financial report and fully investigate and resolve any differences. The Council should work with the County Auditor's Office to identify and make the necessary adjustments to the County financial records for the differences in receipts, expenditures and fund balances identified above.

Officials' Response:

The majority of the differences between the Auditor's numbers are due to the approved allocations in our grant budgets not being entered in the Auditor's system to reflect those journal entries. As you look at the differences you will notice several of the differences are the same except they are a negative in one fund and a positive in the other fund. Those entries need to be submitted to the Auditor's office so the expense can be reflected in the correct fund. The Council will make every effort to submit those journal entries in a timely manner with the necessary supporting documentation. The other differences are the combination of line items for our financial statement.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Noncompliance and material weakness in accounting system.	No	Partially corrected. Reissued as Finding 2010-001.
2009-002	Noncompliance and material weakness in preparation of schedule of federal awards expenditures relating to financial reporting.	Yes	
2009-003	Noncompliance and material weakness and questioned costs related to grant accounting, activities allowed or unallowed, allowable costs/cost principles, and reporting.	Yes	

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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
DECEMBER 13, 2011**