

Hamilton County Family and Children First Council

**Report on Audit of Financial Statements
for the Years Ended December 31, 2001 and 2000,
Together With Report on Federal Awards in
Accordance With OMB Circular A-133 for the Year
Ended December 31, 2001, With Supplemental
Schedules**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

We have reviewed the Independent Auditor's Report of the Hamilton County Family and Children First Council, Hamilton County, prepared by PricewaterhouseCoopers LLP, for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hamilton County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

December 5, 2002

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Report of Independent Accountants

Hamilton County Family and Children First Council
County of Hamilton, Ohio
830 Main Street, Suite 609
Cincinnati, Ohio 45202

In our opinion, the accompanying combined statements of cash receipts, cash disbursements and changes in fund cash balances present fairly, in all material respects, the financial position of the Hamilton County Family and Children First Council, County of Hamilton, Ohio, (the "Council") at and for the years ended December 31, 2001 and 2000, on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, as described in Note 2. 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 audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2002, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants for the year ended December 31, 2001. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Hamilton County Family and Children First Council
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The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement for the year ended December 31, 2001, and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statement taken as a whole.

Price Waterhouse Coopers LLP

November 15, 2002

Hamilton County Family and Children First Council
Combined Statement of Cash Receipts, Cash Disbursements and Changes in
Fund Cash Balances – All Governmental Fund Types
for the year ended December 31, 2001

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Intergovernmental	\$ 45,000	\$ 4,610,915	\$ 4,655,915
Children first plan funding	605,250	-	605,250
Creative connection funding	10,264,105	-	10,264,105
Membership dues	62,500	-	62,500
Training, seminars and workshops	6,804	-	6,804
Total cash receipts	<u>10,983,659</u>	<u>4,610,915</u>	<u>15,594,574</u>
Cash disbursements:			
Salaries and fringes	464,864	244,360	709,224
Office supplies	2,985	790	3,775
Equipment	11,195	2,304	13,499
Telephone	675	-	675
Postage	3,040	139	3,179
Travel and mileage	8,789	-	8,789
Printing, publishing and advertising	-	1,289	1,289
Rent	32,462	-	32,462
Contracts, providers and others	12,562,833	3,082,119	15,644,952
Miscellaneous	21,740	-	21,740
Total cash disbursements	<u>13,108,583</u>	<u>3,331,001</u>	<u>16,439,584</u>
(Deficit) excess of cash receipts over cash disbursements	(2,124,924)	1,279,914	(845,010)
Fund cash balances at January 1, 2001	<u>7,488,471</u>	<u>1,243,673</u>	<u>8,732,144</u>
Fund cash balances at December 31, 2001	<u>\$ 5,363,547</u>	<u>\$ 2,523,587</u>	<u>\$ 7,887,134</u>
Cash reserved for encumbrances at December 31, 2001	<u>\$ 880,484</u>	<u>\$ 252,037</u>	<u>\$ 1,132,521</u>

The accompanying notes are an integral part of these financial statements.

Hamilton County Family and Children First Council
Combined Statement of Cash Receipts, Cash Disbursements and Changes in
Fund Cash Balances – All Governmental Fund Types
for the year ended December 31, 2000

	General	Special Revenue	Totals (Memorandum Only)
Cash receipts:			
Intergovernmental	\$ 40,000	\$ 2,479,798	\$ 2,519,798
Children first plan funding	2,223,880	-	2,223,880
Creative connections funding	12,498,450	-	12,498,450
Membership dues	43,650	-	43,650
Training, seminars and workshops	9,358	-	9,358
Total cash receipts	<u>14,815,338</u>	<u>2,479,798</u>	<u>17,295,136</u>
Cash disbursements:			
Salaries and fringes	213,346	318,743	532,089
Office supplies	5,201	1,308	6,509
Equipment	9,463	-	9,463
Telephone	554	60	614
Postage	3,478	895	4,373
Travel and mileage	11,992	-	11,992
Printing, publishing and advertising	4,683	1,279	5,962
Rent	29,893	-	29,893
Contracts, providers and others	11,768,665	1,994,268	13,762,933
Refund of grant funding	-	95,430	95,430
Miscellaneous	9,550	1,214	10,764
Total cash disbursements	<u>12,056,825</u>	<u>2,413,197</u>	<u>14,470,022</u>
Excess of cash receipts over cash disbursements	2,758,513	66,601	2,825,114
Fund cash balances at January 1, 2000	<u>4,729,958</u>	<u>1,177,072</u>	<u>5,907,030</u>
Fund cash balances at December 31, 2000	<u>\$ 7,488,471</u>	<u>\$ 1,243,673</u>	<u>\$ 8,732,144</u>
Cash reserved for encumbrances at December 31, 2000	<u>\$ 38,826</u>	<u>\$ 447,103</u>	<u>\$ 485,929</u>

The accompanying notes are an integral part of these financial statements.

Hamilton County Family and Children First Council

Notes to the Financial Statements

1. Description of the Entity

Section 121.37, Ohio Revised Code, created the Ohio Family and Children First Council and permitted counties to establish county family and children first councils. The Hamilton County Family and Children First Council (the “Council”) is a department of the County of Hamilton, Ohio (the “County”). 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 human services;
- D. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Ohio Revised Code;
- E. The superintendent of the county board of mental retardation and developmental disabilities;
- F. The county’s juvenile court judge senior in service;
- 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 largest city in the county;
- J. The chair 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 3301.31 of the Ohio Revised Code;
- M. A representative of the county’s early intervention collaborative established pursuant to the federal early intervention program operated under the *Education of the Handicapped Act Amendments of 1986*; and

Hamilton County Family and Children First Council

Notes to the Financial Statements

N. At least three individuals representing the interests of families in the county. 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.

A county council's statutory responsibilities include the following:

- A. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- B. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- C. 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;
- D. Participate in the development of a county-wide, 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*;
- E. Maintain an accountability system to monitor the council's progress in achieving its purposes; and
- F. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

Executive Committee

The Executive Committee sets the agenda for the Council and has final oversight and monitoring responsibility for Council affairs, activities and programs. It is made up of the Council's trustees and the directors of the following systems: Cincinnati Health Department, Community Action Agency, The Hamilton County Alcohol and Drug Addiction Services Board, The Hamilton County Board of Mental Retardation/Developmental Disabilities, The Hamilton County Community Mental Health Board, The Hamilton County Department of Human Services, The Hamilton County Juvenile Court, The Hamilton County General Health District, Children's Hospital, Urban League, and The United Way and Community Chest.

Hamilton County Family and Children First Council

Notes to the Financial Statements

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements follow the cash basis of accounting. Under the cash 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.

B. Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions are reflected in a self-balancing group of accounts. The Council classifies its funds into the following types:

- General Fund

This fund is the general operating fund of the Council. It is used to account for all financial resources except those required by law or contract to be restricted.

- Special Revenue Fund

This fund is used to account for proceeds that are restricted to expenditure for specific purposes. The Council maintains a special revenue fund for awards funded from federal, state and local sources. During 2001, the following programs were awarded to the Council: Ohio Early Start, Family Stability Incentive Program, Ohio Wellness Block Grant, the Children First Plan, Help Me Grow Grant, Welcome Home Grant, and the Children First Consortium Grant.

C. Fiscal Agent

The County is the Council's fiscal agent, maintaining Council funds as separate funds.

D. Property, Plant and Equipment

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

Hamilton County Family and Children First Council

Notes to the Financial Statements

3. Equity in Pooled Cash and Investments

The County Treasurer maintains a cash and investments pool used by most of the County's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The County Treasurer, as the ultimate fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the County's pooled cash and investments accounts.

4. Retirement Plan

Council employees belong to the Public Employees Retirement System of Ohio ("PERS"). PERS is a cost sharing, multiple employer, defined benefit, public employee retirement system. PERS provides retirement benefits, including post-retirement healthcare and survivor and disability benefits, to participants as prescribed by the Ohio Revised Code. Post-retirement health care coverage is provided to age and service retirees with ten or more years of qualifying credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients and primary survivor recipients is available.

PERS issues publicly available financial reports that may be obtained by contacting Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215, telephone (614) 466-2085.

For the years ended December 31, 2001 and 2000, PERS participants contributed 13.55% of their gross salaries and the County contributed an amount equal to 8.5% of participants' gross salaries.

5. Budgetary Activity

For receipts and expenditures related to grants received from the State of Ohio, the Council prepares an annual budget for each fiscal year July 1 through June 30. The Council prepares budgets for all other receipts and expenditures based on a calendar year. The County Budget Commission approves the Council's budgets.

For each of the Council's budgets, estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. Budgetary expenditures, which include disbursements and encumbrances, may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over and need not be reappropriated. Unencumbered appropriations lapse at year-end.

Hamilton County Family and Children First Council

Notes to the Financial Statements

Budgetary activity, including actual receipts and expenditures on a budgetary basis, is a follows:

	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
January 1 to December 31, 2000						
General Fund	\$ 12,566,000	\$ 14,251,722	\$ 1,685,722	\$ 13,312,631	\$ 12,092,686	\$ 1,219,945
Special Revenue Fund	2,824,963	2,549,628	(275,335)	2,824,963	2,836,627	(11,664)
Total (memorandum only)	<u>\$ 15,390,963</u>	<u>\$ 16,801,350</u>	<u>\$ 1,410,387</u>	<u>\$ 16,137,594</u>	<u>\$ 14,929,313</u>	<u>\$ 1,208,281</u>
January 1 to December 31, 2001						
General Fund	\$ 16,171,329	\$ 11,214,843	\$ (4,956,486)	\$ 14,620,615	\$ 14,208,296	\$ 412,319
Special Revenue Fund	5,430,811	4,194,871	(1,235,940)	5,430,811	3,251,009	2,179,802
Total (memorandum only)	<u>\$ 21,602,140</u>	<u>\$ 15,409,714</u>	<u>\$ (6,192,426)</u>	<u>\$ 20,051,426</u>	<u>\$ 17,459,305</u>	<u>\$ 2,592,121</u>
July 1, 1999 to June 30, 2000						
Special Revenue Fund	<u>\$ 3,598,866</u>	<u>\$ 2,656,174</u>	<u>\$ (942,692)</u>	<u>\$ 3,796,966</u>	<u>\$ 3,311,561</u>	<u>\$ 485,405</u>
July 1, 2000 to June 30, 2001						
Special Revenue Fund	<u>\$ 2,692,585</u>	<u>\$ 2,574,836</u>	<u>\$ (117,749)</u>	<u>\$ 2,692,585</u>	<u>\$ 3,076,150</u>	<u>\$ (383,565)</u>
July 1, 2001 to June 30, 2002						
Special Revenue Fund	<u>\$ 5,430,811</u>	<u>\$ 5,255,692</u>	<u>\$ (175,119)</u>	<u>\$ 5,430,811</u>	<u>\$ 5,044,528</u>	<u>\$ 386,283</u>

Actual receipts and expenditures on a budgetary basis differ from the cash basis of accounting followed in the accompanying financial statements due mainly to encumbrances and differing fiscal years.

**Hamilton County Family and Children First Council
Supplemental Schedule of Expenditures of Federal Awards
For the year ended December 31, 2001**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Passed Through Ohio Department of Job and Family Services:			
Promoting Safe and Stable Families	72-CS-99-01	93.556	\$ 160,708
Temporary Assistance for Needy Families (TANF)		93.558	<u>557,278</u> (a)
			717,986
Passed Through Ohio Department of Health:			
Temporary Assistance for Needy Families (TANF)		93.558	<u>487,578</u> (a)
Total U.S. Department of Health and Human Services			<u>\$ 1,205,564</u>
U.S. Department of Education			
Passed Through Ohio Department of Health:			
Special Education - Grants for Infants and Families With Disabilities		84.181	<u>\$ 101,314</u>
Total Expenditures of Federal Awards			<u>\$ 1,306,878</u>

Notes to Schedule of Expenditures of Federal Awards:

1. Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards summarizes activity of the Council's federal award programs. The schedule has been prepared on the cash basis of accounting.

2. Total Expenditures by Federal CFDA Number:

Total expenditures under each federal grant is disclosed within the accompanying schedule for all but the following CFDA number:

(a)	93.558	\$1,044,856
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**Hamilton County Family and Children First Council
 Supplemental Schedule of Findings and Questioned Costs
 Section I – Summary of Auditor’s Results
 for the year ended December 31, 2001**

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financing reporting:	
• Material weaknesses identified?	Yes
• Reportable conditions identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	Yes
• Reportable conditions identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133?	Yes

Program Audited as Major

Temporary Assistance for Needy Families (CFDA number 93.558)	
Dollar threshold used to distinguish between type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Hamilton County Family and Children First Council
Supplemental Schedule of Findings and Questioned Costs, continued
Section II – Financial Statement Findings
for the year ended December 31, 2001

Reportable Condition and Material Weakness

2001-1: Though the County is the Council's fiscal agent, maintaining Council funds as separate funds, the Council maintains separate financial records that it uses in its daily operations. The Council does not reconcile these records on a timely basis to the funds maintained by the County. These records have routinely differed from the funds maintained by the County, typically because of transactions recorded by the County that the Council has not yet recorded in its separate financial records. Certain of these transactions were significant and, because the reconciliations were not completed on a timely basis, were not identified by the Council for extended periods of time. We recommend that the Council reconcile its separate financial records on a monthly basis to the funds maintained by the County, ensuring that all transactions are properly recorded on a timely basis.

Management's Corrective Action Plan:

Due to the implementation of the new accounting system, it has been difficult to get the reports necessary to balance to the County records. It is complicated because of the two budgets, one being on a calendar year and the other one being on the grant fiscal year, which is usually the state fiscal year. These reports cross two calendar years and it is often difficult to get the necessary reporting to balance to the County.

Our internal financials are reported by program and not necessarily by the OCA codes as stipulated in the County records. We realize that we will need to note those changes when balancing to the County. Any necessary adjustments will be made where deemed necessary to make sure our records agree with the County Auditor's office.

The Council realizes that we need to balance to the County on a monthly basis and take care of any changes that need to be made in a timely manner. Therefore, the County Auditor's office is going to provide us with a report on a monthly basis that will show all activity for that month. This will enable us to then balance to our internal records. When this reconciliation is completed, it will be presented to the Executive Director for her review.

This procedure will be instituted for 2002.

**Hamilton County Family and Children First Council
Supplemental Schedule of Findings and Questioned Costs, continued
Section III – Federal Award Findings and Questioned Costs
for the year ended December 31, 2001**

See item 2001-1 of Section II.

**Hamilton County Family and Children First Council
Supplemental Schedule of Prior Audit Findings
for the year ended December 31, 2001**

There were no prior audit findings.

**Report of Independent Accountants on Compliance With Requirements
Applicable to Each Major Program and Internal Control Over Compliance
in Accordance With OMB Circular A-133**

Hamilton County Family and Children First Council
County of Hamilton, Ohio
830 Main Street, Suite 609
Cincinnati, Ohio 45202

Compliance

We have audited the compliance of the Hamilton County Family and Children First Council, County of Hamilton, 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 are applicable to each of its major federal programs for the year ended December 31, 2001. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Council's management. 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that 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.

Hamilton County Family and Children First Council
Page 2

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

Internal Control Over Compliance

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the Council's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2001-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider reportable condition item 2001-1 described above to be a material weakness.

This report is intended solely for the information and use of the Executive Committee, the County's management, the Board of Commissioners, federal awarding agencies, pass-through entities, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

PriceWaterhouseCoopers LLP

November 15, 2002

**Report of Independent Accountants on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Hamilton County Family and Children First Council
County of Hamilton, Ohio
830 Main Street, Suite 609
Cincinnati, Ohio 45202

We have audited the financial statements of the Hamilton County Family and Children First Council, County of Hamilton, Ohio, (the "Council") as of and for the year ended December 31, 2001, and have issued our report thereon dated November 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Council's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2001-1.



Hamilton County Family and Children First Council
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider reportable condition item 2001-1 described above to be a material weakness.

This report is intended solely for the information and use of the Executive Committee, the County's management, the Board of Commissioners, federal awarding agencies, pass-through entities, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

Price Waterhouse Coopers LLP

November 15, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 17, 2002**