



**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2006**



**Mary Taylor, CPA**  
Auditor of State



**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006 .....	5
Notes to the Financial Statements .....	7
Federal Awards Receipts and Expenditures Schedule.....	11
Notes to the Federal Awards Receipts and Expenditures Schedule .....	12
Independent Accountants' Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Independent Accountants' Report on Compliance with Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.....	15
Schedule of Findings.....	17

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# Mary Taylor, CPA

Auditor of State

Cuyahoga County Family and Children -First Council  
Cuyahoga County  
112 Hamilton Avenue, Room 600  
Cleveland, Ohio 44114

To the Executive 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 24, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Cuyahoga County Family and Children First Council  
Cuyahoga County  
112 Hamilton Avenue, Room 600  
Cleveland, Ohio 44114

To the Executive Council:

We have audited the accompanying financial statements of the Cuyahoga County Family and Children First Council, Cuyahoga County, Ohio, (the Council) as of and for the year ended December 31, 2006. 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.

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. We believe our audit provides a reasonable basis for our opinion.

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 governments 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, 2006 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, 2006, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Cuyahoga County Family and Children First Council, Cuyahoga County, Ohio, as of December 31, 2006, and its combined cash 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.

As described in Note 2, the Council restated the January 1, 2006 fund balance in the Special Revenue Fund due to the reclassification of County programs by Cuyahoga County from the Council to another County department.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2008, 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. The Federal Awards Receipts and Expenditures Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statements. We subjected this schedule to the auditing procedures applied in our audit of the Council's financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

June 24, 2008

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$20,000	\$3,033,478	\$3,053,478
Private Donations	0	1,000	1,000
Distributions from Other County Agencies	1,760,264	27,229	1,787,493
Miscellaneous	1,814	13,328	15,142
	<hr/>		
Total Cash Receipts	1,782,078	3,075,035	4,857,113
<hr/>			
<b>Cash Disbursements:</b>			
Current:			
Salaries/Benefits	433,352	21,662	455,014
Travel/Expenses	11,114	0	11,114
Utilities	12,524	0	12,524
Rent	62,545	0	62,545
Office Supplies/Postage	7,279	2	7,281
Data Processing	27,132	0	27,132
Contracted Services	103,596	3,471,896	3,575,492
Commodities	0	0	0
Capital Outlay	16,776	0	16,776
County Printing	14,042	0	14,042
Other	128,327	54,162	182,489
	<hr/>		
Total Cash Disbursements	816,687	3,547,722	4,364,409
	<hr/>		
Total Receipts Over/(Under) Disbursements	965,391	(472,687)	492,704
	<hr/>		
Fund Cash Balances, January 1, 2006	104,433	1,291,440	1,395,873
	<hr/>		
<b>Fund Cash Balances, December 31, 2006</b>	<b>\$1,069,824</b>	<b>\$818,753</b>	<b>\$1,888,577</b>
	<hr/> <hr/>		

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

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**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**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 permitted counties to establish county family and children first councils. Statutory membership of a county council consists of the following individuals:

- a. At least three individuals 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 membership.
- b. 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 addiction, and mental health services covers more than one county, the director may designate a person to participate on the county's council;
- c. The health commissioner of the board of health of each city or general health district in the county, or their designees. 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;
- d. The director of the county department of job and family services;
- e. The executive director of the county agency responsible for the administration of children services pursuant to Section 5153.15 of the Revised Code;
- f. The superintendent of the county board of mental retardation and developmental disabilities;
- g. The county's juvenile court judge senior in service or another judge of the juvenile court designated by the administrative judge or, where there is no administrative judge, by the judge senior in service;
- h. 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 notify each county of its determination at least biennially;
- i. 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;
- j. A representative of the municipal corporation with the largest population in the county;
- k. The president of the board of county commissioners, or an individual designated by the board;
- l. A representative of the regional office of the department of youth services;

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Description of the Entity (Continued)**

- m. A representative of the county's head start agencies, as defined in Section 3301.31 of the Revised Code;
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A county family and children first council may invite any other 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 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 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";
- e. Maintain an accountability system to monitor the council's progress in achieving its purpose; and
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Funds:

*Health and Community Service (Formerly Known as Office of Early Childhood – Invest in Children)* – This fund receives a blended pool of state and federal grant funds to be used for an early intervention program to aid children ages one through three for developing social skills and interaction with other children.

**D. Administrative Agent**

The Cuyahoga County Board of Commissioners is the administrative agent for the Council.

**E. Fiscal Agent**

The Cuyahoga County Board of Commissioners serves as the fiscal agent for the Council's general and special revenue funds. The Cuyahoga County Auditor is the fiscal agent for the Cuyahoga County Board of Commissioners. The Council's funds are maintained in separate special revenue funds at the County.

**F. Contracted Services**

From the general fund, employees of the Council are paid salaries which are processed by the Cuyahoga County payroll system. The funds used to pay the salaries are derived from support from the Board of County Commissioners maintained in the general fund along with other grant monies received by the Council and maintained in separate County special revenue funds. Additionally, the Office of Early Childhood provides administrative salary support. The County Auditor issues an IRS form W-2 to the Council employees at year-end.

**G. Budgetary Process**

The Ohio Revised Code requires that the Council prepare an annual budget and file it with its administrative agent. This annual budget includes estimated receipts and disbursements.

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. 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 statements.

**2. RESTATEMENT OF FUND BALANCES**

The Council and County reviewed the necessary funds to be reported in the Family and Children First Council statements. The County realigned the funds for various departments. During this process, it was determined some funds were no longer applicable to the Council and instead should be included as part of the Department of Early Childhood. This caused a reduction in the special revenue fund beginning balance to be reduced by \$402,509 to have a beginning balance at January 1, 2006 of \$1,291,440.

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

The Cuyahoga County Treasurer maintains a cash pool used by all of the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County Treasurer as of December 31, 2006 was \$1,888,577. Cuyahoga County, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

**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 2006, OPERS members contributed 9% of their gross salaries and the Council contributed an amount equaling 13.7% of participants' gross salaries. The Council has paid all contributions required through December 31, 2006.

**5. RISK MANAGEMENT**

The Council is insured for general liability and casualty by Cuyahoga County.

**6. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Health</i>				
Early Intervention Grant	18-1-002-1-EG-06	84.181	\$930,575	\$1,678,286
Early Learning Opportunities Act Grant	20-USC-9401	93.577	\$973,805	\$645,805
<i>Total Passed Through Ohio Department of Health</i>			<u>1,904,380</u>	<u>2,324,091</u>
<b>Direct Program</b>				
Improvement of Education Program	N/A	84.215	0	93,390
<i>Total U.S. Department of Education</i>			<u>1,904,380</u>	<u>2,417,481</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>Passed Through Ohio Department of Youth Services</i>				
Delinquency Prevention Program - Title V	2004-JV-T50-5112S	16.548	7,683	7,683
Delinquency Prevention Program - Title V	2005-JV-T50-5112	16.548	0	31,227
Total Delinquency Prevention Program - Title V			<u>7,683</u>	<u>38,910</u>
<i>Total U.S. Department of Youth Services</i>			<u>7,683</u>	<u>38,910</u>
<i>Passed Through Office of Criminal Justice Services</i>				
Juvenile Justice and Delinquency Prevention	2002-JJ-RPU-0795	16.540	0	776
Juvenile Justice and Delinquency Prevention	2005-JJ-RPU-0795	16.540	27,229	0
Total Juvenile Justice and Delinquency Prevention			<u>27,229</u>	<u>776</u>
<i>Total Passed Through Office of Criminal Justice Services</i>			<u>27,229</u>	<u>776</u>
<i>Total U.S. Department of Justice</i>			<u>34,912</u>	<u>39,686</u>
<b>Total Federal Assistance</b>			<u><b>\$1,939,292</b></u>	<u><b>\$2,457,167</b></u>

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

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2005**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the Cuyahoga County Family and Children First Council's federal award programs. The schedule has been prepared on the cash basis of accounting.

**CFDA** – Catalog of Federal Domestic Assistance



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Cuyahoga County Family and Children First Council  
Cuyahoga County  
112 Hamilton Avenue, Room 600  
Cleveland, Ohio 44114

To the Executive Council:

We have audited the financial statements of the Cuyahoga County Family and Children First Council, Cuyahoga County, Ohio, (the Council) as of and for the year ended December 31, 2006, and have issued our report thereon dated June 24, 2008, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Council restated the Special Revenue beginning fund balance due to the reclassification of programs by Cuyahoga County to another County department. 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Council's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Council's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

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 also noted a certain internal control matter that we reported to the Council's management in a separate letter dated June 24, 2008.

#### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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



**Mary Taylor, CPA**  
Auditor of State

June 24, 2008



# Mary Taylor, CPA

Auditor of State

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

Cuyahoga County Family and Children First Council  
Cuyahoga County  
112 Hamilton Avenue, Room 600  
Cleveland, Ohio 44114

To the Executive Council:

### Compliance

We have audited the compliance of the Cuyahoga County Family and Children First Council, Cuyahoga County, 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 apply to its major federal program for the year ended December 31, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the Council's major federal program. The Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its 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 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 reasonably assure whether noncompliance occurred with the types of 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 Cuyahoga County Family and Children First Council, Cuyahoga County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006.

### 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more than inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Council's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be 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. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the Council's management in a separate letter dated June 24, 2008.

We intend this report solely for the information and use of the Council, the audit committee, management, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

June 24, 2008

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2006**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP, unqualified under the regulatory basis.
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Grants for Infants and Families and Disabilities (Early Intervention)/84.181
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2006  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Significant Deficiency**

**Financial Statement Preparation**

In preparation for the annual financial audit the fiscal officer is to prepare financial statements of the Council's financial activity for the year. The financial statements contain the Council's receipts, expenditures, and prior year fund balances for each fund belonging to the Council. The Cuyahoga County Auditor is the fiscal agent for the County. As fiscal agent the County maintains the financial activity of the Council in their ledgers.

During our audit we obtained financial statements prepared by the Council. These statements had numerous errors including the following:

- The statements included index codes (funds) that did not belong to the Council;
- Financial activity was not added correctly to produce proper totals;
- Receipts and expenditures did not agree to County ledgers; and
- Beginning fund balances did not agree to the prior year audited financial statements.

We also obtained ledgers from the County containing the Council's financial activity. The County's system can only produce ledgers by fund and not by index code. The Council's activity is maintained by index code within the County's system. As a result, financial activities from other departments are included in funds with the Council's activity.

The above difficulties caused additional work to be performed in order to determine what financial activity was the Council's.

We recommend the Council prepare financial statements that contain only the financial activity of the Council. These statements should agree to the County ledgers and be properly added. We also recommend the Council identify funds on the County ledgers that are segregated from other County departments.

Official's Response:

Changes to the financial statements are expected during the audit process. The Council office has generally maintained ongoing contact with the auditors to provide clarifications and make changes as the audit progresses. Financial activity will be included to properly reflect the financial activity related to the Help Me Grow Part C and Early Learning Opportunities Grant.

Auditor of State's Conclusion:

Recent amendments to the Independence requirements of Governmental Auditing Standards clarify the limitations on assistance we can provide to the Council. Independence standards preclude us from auditing our own work. While we can provide advisory assistance, the Council and the County must prepare the financial statements. However, the standards would generally prevent us from "making changes as the audit progresses" unless we report the changes as management misstatements.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None



**Mary Taylor, CPA**  
Auditor of State

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**CUYAHOGA 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  
JULY 29, 2008**