



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
222 East Central Parkway
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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 13, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hamilton County Family and Children First Council
Hamilton County
222 East Central Parkway
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, 2011. These financial statements are the responsibility of the Council's management.

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, 2011 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, 2011, 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 2011 Annual Financial Report</u>	<u>Fund Cash Balance Reported in the County Auditor Accounting Records</u>	<u>Variance</u>
General Fund:			
January 1, 2011	\$32,494	\$660,109	(\$627,615)
December 31, 2011	(120,684)	506,931	(627,615)
Special Revenue Fund:			
January 1, 2011	1,765,015	1,774,645	(9,630)
December 31, 2011	1,939,626	1,949,256	(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 and December 31, 2011 balances for the general and special revenue funds.

For the year ended December 31, 2011, the Council did not revise its financial presentation to meet the requirements of Governmental Accounting Standard Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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, 2011 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, 2011, 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 13, 2012, 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 13, 2012

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental:			\$0
Grants	\$0	\$5,494,615	5,494,615
Children First Plan	669,050		669,050
Membership Dues	52,100		52,100
Training and Seminars	6,294		6,294
<i>Total Cash Receipts</i>	727,444	5,494,615	6,222,059
Cash Disbursements			
Current:			
Contractual Payments	206,570	4,963,089	5,169,659
Salaries & Benefits	606,145	341,813	947,958
Rent	31,757	3,125	34,882
Audit Expense	17,900		17,900
Office Supplies	1,895	694	2,589
Equipment	6,435	14	6,449
Travel & Mileage	943	1,217	2,160
Postage	168	145	313
Maintenance	2,297		2,297
Miscellaneous	1,857	225	2,082
Printing and Advertising	4,655	9,681	14,336
<i>Total Cash Disbursements</i>	880,622	5,320,003	6,200,625
<i>Excess of Receipts Over (Under) Disbursements</i>	(153,178)	174,612	21,434
 <i>Fund Cash Balances, January 1</i>	 32,494	 1,765,015	 1,797,509
Fund Cash Balances, December 31	(\$120,684)	\$1,939,627	\$1,818,943
Reserve for Encumbrances, December 31	\$43,152	\$1,550,795	\$1,593,947

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, 2011**

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, Hamilton County, Ohio (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";

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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

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 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. Beginning on July 1, 2012 the Hamilton County Department of Job and Family Services will assume the role of Administrative Agent.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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.

B. Accounting Basis

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.

C. Deposits and Investments

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, 2011 was reported by the County Auditor at \$506,931 for the General Fund and \$1,949,256 for the Special Revenue Funds; cash reported on the Council's accompanying financial statements is reported at (\$120,684) for the General Fund and \$1,939,626 for the Special Revenue Funds.

D. Fund Accounting

The Board uses fund accounting to segregate cash and investments that are restricted as to use. The Board 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 were used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. During the year ended December 31, 2011, the Council's primary source of funding was from federal sources to fund its "Help Me Grow" and "Child & Family Health Services" programs.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. 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.

3. Retirement Systems

Retirement Rates	Year	Member Rate	Employer Rate
PERS – Local	2008 - 2011	10%	14%

The Board'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 Board has paid all contributions required through December 31, 2011.

4. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

5. 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.

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

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>			
Maternal & Child Health Services Block Grant to the States	N/a	93.994	\$ 456,327
Early Intervention Services Cluster:			
Special Education Grants for Infants and Families with Disabilities	N/a	84.181	\$ 886,391
Special Education Grants for Infants and Families with Disabilities American Recovery Act 2009	N/a	84.393A	<u>\$ 406,705</u>
			1,293,096
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>1,749,422</u>
<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	\$ 243,543
Community-Based Child Abuse Prevention (CBCAP)	N/a	93.590	\$ 77,175
TOTAL U. S DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>320,718</u>
TOTAL			<u><u>\$ 2,070,140</u></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 FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Hamilton County Family and Children First Council, 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 described in Note A above, 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
222 East Central Parkway
Cincinnati, OH 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, 2011, and have issued our report thereon dated November 13, 2012, 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. In addition, noted we were unable to obtain sufficient evidence to reasonably assure the accuracy of the beginning and ending fund balances, and that the Council did not implement of Governmental Accounting Standard Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 findings 2011-001 and 2011-002 described in the accompanying schedule of findings to be material weaknesses.

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 2011-001.

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 13, 2012.

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 13, 2012



Dave Yost • Auditor of State

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

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

To the Members of Council:

We have audited the compliance of the Hamilton County Family and Children First Council, Hamilton 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 could directly and materially affect each of the Council's major federal programs for the year ended December 31, 2011. 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 opine on the Council's compliance based on our audit.

Our compliance audit followed 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*. These 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 Government's compliance with these 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 Government's compliance with these 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, 2011.

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 Government'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 Government's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 13, 2012.

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 13, 2012

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

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(a)?	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
(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 2011-001

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.

**FINDING NUMBER 2011-001
 (Continued)**

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.

We compared the beginning and ending cash balances reported in the 2011 annual financial report to the cash amounts reported in the records of the County Auditor and noted the following differences:

Date	Cash Balance Reports in the 2011 Annual Financial Report	Cash Balance Reported by County Auditor	Variances
General Fund			
January 1, 2011	\$32,495	\$660,109	(\$627,614)
December 31, 2011	(120,684)	506,931	(\$627,615)
Special Revenue Funds			
January 1, 2011	1,765,015	1,774,645	(9,630)
December 31, 2011	1,939,626	1,949,256	(9,630)

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 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 Councils' 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 resolved 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:

On September, 13, 2012, the Council adopted a resolution accepting the County Auditor's cash balances as actual and official cash balance.

FINDING NUMBER 2011-002

Material Weakness

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

**FINDING NUMBER 2011-002
(Continued)**

Restricted fund balances include those where constraints have been placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e., State Statutes); or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balances include amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (such as an ordinance or resolution).

Additionally, AOS Bulletin 2011-004 requires local governments preparing regulatory statements to implement both the new fund balance classifications and the government fund type definitions, as stated in GASB 54.

The Council did not implement the GASB 54 criteria for reporting governmental fund balance.

In order to ensure the Council's governmental fund balances are reported in accordance with GASB 54, we recommend the Council review Auditor of State Bulletin 2011-004 and take the necessary steps to ensure that the fund balances in the financial statement are prepared in accordance with GASB 54.

Officials' Response:

On September, 13, 2012, the Council adopted a resolution accepting the County Auditor's cash balances as actual and official cash balance. The Council plans to implement GASB 54 for the 2012 financial statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Noncompliance and material weakness in accounting system.	No	Partially corrected. Reissued as Finding 2011-01.

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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
FEBRUARY 5, 2013**