



Dave Yost • Auditor of State

**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, Ohio 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

Columbus, Ohio

July 25, 2013

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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 were engaged to audit the accompanying financial statements of the Hamilton County Family and Children First Council, Hamilton County, Ohio (the Council), as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Council's management.

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 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, 2004 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, 2004, or its changes in financial position.

Management has not provided written representations, which are required by auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Thus we were unable to obtain written representations related to the financial statements; completeness of information; and recognition, measurement and disclosure of misstatements, fraud, unasserted claims, undisclosed liabilities and violations of laws and regulations by management.

There were unsupported variances between the beginning 2004 cash balances per the Hamilton County Auditor's accounting records and ending cash balances reported in the 2003 audited financial statements. The Hamilton County Auditor is the Council's statutory fiscal agent. The variances are as follows:

Fund	12/31/03 Cash Balance Reported in the 2003 Audited Financial Report	01/01/04 Cash Balance Reported by County Auditor	Variances
General Fund	\$2,506,592	\$2,198,606	\$307,986
Special Revenue Funds	1,197,756	1,482,427	(284,671)
Total	\$3,704,348	\$3,681,033	\$23,315

We were unable to obtain sufficient evidence to support the December 31, 2003 balances and the related January 1, 2004 balances reported by the Council for the General and Special Revenue funds.

Due to the significance of the matters discussed in the preceding three paragraphs, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on the financial activity and fund balances of the Council for the year ended December 31, 2004.

In 2004, the Council posted \$900,000 of federal fund receipts and \$1,077,076 in federal fund disbursements to the General Fund instead of the Special Revenue funds. The financial statements were not adjusted for these errors.

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 July 25, 2013, 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 were engaged 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 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 financial statements. This schedule was subject to the auditing procedures we applied to the 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 financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. The Council did not provide sufficient evidence supporting the completeness and accuracy of the federal awards expenditures schedule. Additionally, we were unable to obtain written representations from the Council's management. Because of the significance of these matters, it is inappropriate to and we do not express an opinion on the federal awards expenditure schedule. In 2004, the Council posted \$900,000 of Help Me Grow receipts and \$1,077,076 in related disbursements to the General Fund instead of the Grants fund/subfund. The federal awards expenditure schedule was not adjusted for these errors.



Dave Yost
Auditor of State

Columbus, Ohio

July 25, 2013

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$26,040	\$4,041,388	\$4,067,428
Children First Plan	1,108,000		1,108,000
Membership Dues	80,025		80,025
Training and Seminars	32,672		32,672
<i>Total Cash Receipts</i>	<i>1,246,737</i>	<i>4,041,388</i>	<i>5,288,125</i>
Cash Disbursements			
Current:			
Contractual Payments	1,787,109	4,268,359	6,055,468
Salaries & Benefits	535,207	284,059	819,266
Rent	37,346		37,346
Office Supplies	4,693	771	5,464
Equipment	1,075		1,075
Travel & Mileage	2,151	969	3,120
Postage	3,284	87	3,371
Maintenance	244		244
Miscellaneous	33,719	1,160	34,879
Printing and Advertising	7,575	2,510	10,085
<i>Total Cash Disbursements</i>	<i>2,412,403</i>	<i>4,557,915</i>	<i>6,970,318</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(1,165,666)</i>	<i>(516,527)</i>	<i>(1,682,193)</i>
 <i>Fund Cash Balances, January 1</i>	 <i>2,198,606</i>	 <i>1,482,427</i>	 <i>3,681,033</i>
Fund Cash Balances, December 31	\$1,032,940	\$965,900	\$1,998,840

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, 2004**

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. The Hamilton County Family and Children First Council (the Council) was established on December 15, 1993. Statutory membership of a county council consists of the following individuals:

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of job and family services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code (the public children's services agency);
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. 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 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*;
- 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 per cent of the Council's remaining membership.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

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 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 purposes;
- f. 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 the Executive Committee.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(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. Basis of Accounting

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

The financial statement includes 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, 2004 was reported by the County Auditor at \$1,340,926 for the General Fund and \$681,229 for the Special Revenue Funds; cash reported on the Council's accompanying financial statements is reported at \$1,340,926 for the General Fund and \$681,229 for the Special Revenue Funds.

D. 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 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, 2004, the Council's primary source of funding was from federal sources to fund its Help Me Grow and Child & Family Health Services programs.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 System

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 2004, OPERS members contributed 8.5% of their gross salaries and the Council contributed an amount equaling 13.55% of participants' gross salaries. The Council has paid all contributions required through December 31, 2004.

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.

5. Subsequent Event - 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 the Hamilton County Job and Family Services Department. This action was approved by the Hamilton County Executive Board in a special meeting on November 4, 2011 and is to be effective July 1, 2012.

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

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2004**

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	\$ 802,248
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>802,248</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES & U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed through Ohio Department of Jobs & Family Services & Ohio Department of Health</i>			
Temporary Assistance for Needy Families & Special Education Grants for Infants & Families	N/a	93.558 & 84.181	\$ 3,586,754
TOTAL U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES & U.S. DEPARTMENT OF EDUCATION			<u>3,586,754</u>
TOTAL			<u>\$ 4,389,002</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
YEAR ENDED DECEMBER 31, 2004**

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



Dave Yost • Auditor of State

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

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

To the Members of Council:

We were engaged to audit the financial statements of the Hamilton County Family and Children First Council, Hamilton County, Ohio (the Council), as of and for the year ended December 31, 2004, and have issued our report thereon dated July 25, 2013, 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. Our report also indicated that because we were unable to obtain written representations from the Council's management, and we were unable to obtain sufficient evidence to reasonably assure the accuracy of the beginning and ending fund balances, we did not express an opinion.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2004-001 and 2004-002 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 2004-002.

We noted certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated July 25, 2013.

The Council's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Council's responses and accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Executive Committee, and 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

Columbus, Ohio

July 25, 2013



Dave Yost • Auditor of State

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

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

To the Members of Council:

Compliance

We have audited the compliance of 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 the Council's major federal program for the year ended December 31, 2004. 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 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 Council'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 Council's compliance with these requirements.

As described in findings 2004-004 and 2004-005, the Council did not comply with requirements regarding eligibility, reporting, and cash management applicable to its Temporary Assistance for Needy Families/Help Me Grow major federal program. Compliance with these requirements is necessary, in our opinion, for the Council to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Council complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2004.

The results of our auditing procedures also disclosed another instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as finding 2004-003.

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 the requirements that could directly and materially affect a major federal program, 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, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Council's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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* 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2004-003, 2004-004, and 2004-005 to be material weaknesses.

We also noted a matter involving federal compliance not requiring inclusion in this report that we reported to the Council's management in a separate letter dated July 25, 2013.

The Council's responses to the findings we identified are described in the accompanying schedule of findings. We did not audit the Council's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State

Columbus, Ohio

July 25, 2013

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Adverse – GAAP Disclaimer - Regulatory
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Temporary Assistance for Needy Families (TANF/Help Me Grow) CFDA 93.558
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2004-001

Material Weakness

The Council should maintain an accounting system and accounting records sufficient to enable them to identify, assemble, analyze, classify, record and report their transactions, maintain accountability for the related assets and liabilities, document compliance with finance-related legal and contractual requirements and prepare financial statements.

**FINDING NUMBER 2004-001
 (Continued)**

In 2004, the Council posted \$900,000 of Help Me Grow receipts and \$1,077,076 in disbursements to the General Fund instead of the Grants fund/subfund. The financial statements and Schedule of Expenditures of Federal Awards were not adjusted for these errors.

Failure to accurately post receipts and disbursements resulted in incorrect fund balances and financial statements, and an inaccurate Federal Awards Expenditure Schedule, and increased the risk that the misappropriation of funds and non-compliance with federal reporting and grant requirements could occur and not be detected in a timely manner. We recommend that all receipts and disbursements be accurately posted and reviewed for accuracy.

FINDING NUMBER 2004-002

Noncompliance/Material Weakness

Ohio Admin. Code Section 117-2-02(A) requires all local public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As stated in Part C of Article VIII of the Hamilton County Family and Children First by-laws dated August 15, 2000, 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 2004 cash balances recorded in the County Auditor's accounting system and ending cash balances reported in the Council's 2003 audited financial statements and noted the following variances:

Fund	12/31/03 Cash Balance Reported in the 2003 FCFC Audited Financial Report	01/01/04 Cash Balance Reported by County Auditor	Variances
General Fund	\$2,506,592	\$2,198,606	\$307,986
Special Revenue Funds	1,197,756	1,482,427	(284,671)
Total	\$3,704,348	\$3,681,033	\$23,315

The Council was unable to identify the reasons for the variances noted above and therefore is unable to opine thereon.

To ensure accuracy in the external financial reporting process and to assist the Council with internal monitoring, we recommend that the Council establish procedures to document the reason for any differences between the County Auditor's accounting system and amounts reported in the Council's annual financial report. We also recommend that the Council compare on a monthly basis the cash balances reported by the County Auditor to the cash balances reported in the Council financial report and fully investigate and resolve any differences.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2004-003

Finding Number	2004-003
CFDA Title and Number	CFDA 93.558 Temporary Assistance for Needy Families (TANF/Help Me Grow) CFDA 84.181 Special Education Grants for Infants and Families with Disabilities (TANF Part C) CFDA 93.994 Maternal & Child Health Services Block Grant to the States
Federal Award Number / Year	2004
Federal Agency	Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance/Material Weakness – Federal Schedule and Accounting Records

OMB Circular A-133, Subpart C, Section .300(a) states that the auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity. In addition OMB Circular A-133, Subpart C, Section .310(b) states that the auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. Also, the schedule shall list individual Federal programs by Federal agency and provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

We noted the following conditions related to the accounting and reporting of Federal funds:

- The Council comingled Federal funds in the underlying accounting records and there was no indication of the federal program CFDA title and number, name of federal agency or pass-through entity, or other identifying number for each of the federal programs administered by the Council.
- The Council did not segregate Temporary Assistance for Needy Families expenditures (C.F.D.A #93.558) from Special Education Grants for Infants and Families expenditures (C.F.D.A. #84.181) on the Schedule of Federal Awards Expenditures. Council did not provide the name of the federal agency or pass-through entity for the federal programs listed on the Schedule of Federal Awards presented for audit.
- As noted in Finding 2004-001, material amounts of Help Me Grow (TANF, CFDA 93.558) receipts and expenditures were recorded in the General fund rather than the Grant fund. The financial statements and Schedule of Federal Awards Expenditures of Federal Awards have not been adjusted for this posting error.

Failure to accurately prepare and maintain accounting records and separately account for federal funds reduces the accountability over the Council's federal programs and reduces the ability to monitor compliance with federal grant requirements.

**FINDING NUMBER 2004-003
 (Continued)**

We recommend the Council use grant / cost center accounting to establish accountability of federal funds and to track receipts and expenditures by their specific source to ensure compliance with federal grant requirements and properly account for and report federal grants on the Schedule of Federal Awards Expenditures.

FINDING NUMBER 2004-004

Finding Number	2004-004
CFDA Title and Number	Temporary Assistance for Needy Families (TANF/Help Me Grow) 93.558
Federal Award Number / Year	2004
Federal Agency	Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance/ Material Weakness - Eligibility

45 C.F.R. Section 260.31 contains guidelines that address eligibility for TANF assistance. In general, in order to be eligible, a family must include a minor child who lives with a parent or other adult caretaker relative. The child must be less than 18 years old, or, if a full-time student in a secondary school (or the equivalent level of vocational or technical training), less than 19 years old. A family must be determined to be "needy" according to the State's applicable income and resource criteria.

The Council contracted with Lighthouse Youth Services to perform eligibility testing for 2004. The terms of the contract between the Council and Lighthouse Youth Services only required the files to be maintained for seven years. Therefore, Lighthouse Youth Services no longer had the participant files used to determining eligibility and we were unable to perform eligibility testing for the Help Me Grow Program.

We recommend the Council require all Help Me Grow subrecipients to maintain all eligibility files until an audit has been completed or audit requirements have been waived.

FINDING NUMBER 2004-005

Finding Number	2004-005
CFDA Title and Number	Temporary Assistance for Needy Families (TANF/Help Me Grow) 93.558
Federal Award Number / Year	2004
Federal Agency	Health and Human Services
Pass-Through Agency	Ohio Department of Health

**FINDING NUMBER 2004-005
(Continued)**

Noncompliance/Material Weakness – Reporting and Cash Management

45 C.F.R. 92.41(a)(1) requires that grantees use only the specified forms when submitting financial reports to Federal agencies or requesting advances or reimbursements when letters of credit are not used.

45 C.F.R. 92.41(b)(3) states, in part, that the Federal Agency may prescribe the frequency of the report for each program. However, the report will not be required to be more frequently than quarterly.

45 C.F.R. 92.41(d)(3) states that the frequency for submitting payment requests is treated in section 92.41(b)(3).

Section II (O) of the Subsidy Agreement Between the Ohio Department of Health and the Hamilton County Family & Children First Council states that the Council must submit a final fiscal report to the Department of Health by August 15, 2004.

Contrary to the above requirements, the Council did not present any quarterly reimbursement requests or final expenditure report for 2004.

We recommend that the Council retain all quarterly reimbursement requests and the final expenditure report.

Officials' Response to Findings:

Hamilton County Job and Family Services (HCJFS) as the appointed administrative and fiscal agent beginning on July 1, 2012, acknowledge receipt of the report and recommendations so noted. HCJFS feels that they have implemented and are following accounting policies and procedures to properly account for the funds that are received and expenditures made on the various grants or funds. The necessary reconciliations with the official county financial records, County Auditor, are conducted in a timely manner to assure proper reporting and accounting.

We appreciate the work by the Auditor of State staff and their assistance to complete this report given its lapse of time from the audit period to today.

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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
AUGUST 13, 2013**