



Dave Yost • Auditor of State



**FAMILY AND CHILDREN FIRST COUNCIL  
HAMILTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Hamilton County Family and Children First Council, Hamilton County, Ohio (the Council), as of and for the year ended December 31, 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1C of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1C and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2012, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Hamilton County Family and Children First Council, Hamilton County, Ohio, as of December 31, 2012, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1 C.

***Emphasis of Matter***

As discussed in Note 5 to the financial statements, during 2012 the Council adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Matters***

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Federal Awards Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 25, 2013

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND BALANCES -  
ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
<b><u>Cash Receipts:</u></b>			
Intergovernmental - State	-	\$3,112,096	\$3,112,096
Intergovernmental - Federal	-	869,064	869,064
Children First Plan	\$479,759	-	479,759
Membership Dues	5,503	-	5,503
	<u>485,262</u>	<u>3,981,160</u>	<u>4,466,422</u>
 <b><u>Cash Disbursements:</u></b>			
Contractual Payments	153,702	4,168,647	4,322,349
Salaries & Benefits	491,918	157,645	649,563
Rent	14,037	3,126	17,163
Audit Expense	17,091	2,000	19,091
Office Supplies	561	172	733
Equipment	2,115	-	2,115
Travel & Mileage	319	449	768
Postage	190	101	291
Maintenance	1,016	-	1,016
Printing and Advertising	-	330	330
Miscellaneous	26,359	2,624	28,983
	<u>707,308</u>	<u>4,335,094</u>	<u>5,042,402</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(222,046)</u>	<u>(353,934)</u>	<u>(575,980)</u>
 <i>Net Change in Fund Cash Balances</i>	 (222,046)	 (353,934)	 (575,980)
 <i>Fund Cash Balances, January 1 (restated)</i>	 <u>506,931</u>	 <u>1,949,256</u>	 <u>2,456,187</u>
 <b><u>Fund Cash Balances, December 31:</u></b>			
Restricted	-	1,595,322	1,595,322
Assigned	41,490	-	41,490
Unassigned (Deficit)	243,395	-	243,395
	<u>284,885</u>	<u>1,595,322</u>	<u>1,880,207</u>
<i>Fund Cash Balances, December 31</i>			

*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, 2012**

**1. Reporting Entity/Summary of Significant Accounting Policies**

**A. Description of the Entity**

Ohio Revised Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required each Board of County Commissioners to establish a County Family and Children First Council. Statutory membership of 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. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
- b. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. 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;
- c. The Director of the County Department of Job and Family Services;
- d. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
- e. The Superintendent of the County Board of Developmental Disabilities;
- f. 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 Ohio Department of Education, which shall notify each County of its determination at least biennially;
- g. 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;
- h. A representative of the municipal corporation with the largest population in the County;
- i. The President of the Board of County Commissioners or an individual designated by the Board;
- j. A representative of the regional office of the Ohio Department of Youth Services;
- k. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- l. 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"; and
- m. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**1. Reporting Entity/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 percent of the council's remaining membership.

A County Family and Children First Council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the Council.

The purpose of the County Council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation 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 "Individuals with Disabilities Education Act of 2004";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

**B. Reporting Entity**

**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.

**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. Prior to July 1, 2012 the Executive Committee appointed an Executive Director to assist in administering the powers and duties of the Council.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**1. Reporting Entity/Summary of Significant Accounting Policies (Continued)**

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

**C. Basis of Accounting**

The Council's financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. 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 the Auditor of State prescribes or permits.

**D. Fund Accounting**

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council classifies its funds into the following types:

**General Fund** – The General Fund is the operating fund of the Council. It is used to account for and report all financial resources not accounted for and reported in another fund.

**Special Revenue Funds** – These funds are used to account for and report specific sources (other than from trusts or for capital projects) that are restricted or committed to expenditure for specified purposes. The Council had the following significant Special Revenue Funds:

Help Me Grow Grant Fund – This fund receives state and federal grant monies restricted for the purpose of the grant provisions.

Special Education Grant – Infants and Families (HMG-Part C) – This fund receives federal grant monies restricted for expectant parents; newborns and their families; and infants and toddlers at risk for or with developmental delays and disabilities and their families.

Family-Centered Services and Supports Fund – This fund receives grant monies restricted for maintaining children and youth in their homes and communities by meeting the multi-systemic needs of children receiving service coordination.

**E. Fiscal / Administrative Agent**

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**1. Reporting Entity/Summary of Significant Accounting Policies (Continued)**

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 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 assumed the role of administrative agent.

**F. Budgetary Process**

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The Council filed the annual budget with the County Budget Commission.

**G. Cash and Investments**

The Council designated the Hamilton County Auditor as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with the Hamilton County Treasurer and fund expenditures and balances are reported through the Hamilton County Auditor. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount.

**H. Property, Plant and Equipment**

The Council records cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Accumulated Leave**

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

**J. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**1. Reporting Entity/Summary of Significant Accounting Policies (Continued)**

**Restricted** – Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation.

**Committed** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

**Unassigned** – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from the overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**2. Equity in Pooled Cash and Investments**

The Hamilton County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of the Hamilton County Auditor's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Hamilton County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31 was \$284,885 for the General Fund and \$1,595,322 for Special Revenue Funds.

The fiscal agent is responsible for maintaining adequate depository collateral for all funds in the fiscal agent's pooled and deposit accounts. All risks associated with the above deposits are the responsibility of the fiscal agent.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**3. Retirement System**

The Council participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. Plan members are required to contribute 10 percent of their annual covered salary and the Council is required to contribute 14 percent of annual covered payroll. The Council has paid all contributions required through December 31, 2012.

**4. 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.

**5. Change in Accounting Principle / Restatement of Fund Balances**

The Council implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this statement had no effect on fund balances previously reported.

**Restatement of Fund Balances**

The fund balances of the General Fund and the Special Revenue Fund types were restated from amounts previously reported to correct variances between the accounting records maintained internally by the Council and the amounts reported in the fiscal agent's underlying accounting records. The restatement resulted in changes to the fund balances reported at January 1, 2012 as follows:

HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)

5. Change in Accounting Principle / Restatement of Fund Balances (Continued)

	General Fund	Special Revenue Funds
Fund Balance December 31, 2011 (as reported)	(\$120,684)	\$1,939,627
Adjustments	627,615	9,629
Fund Balance January 1, 2012 (as restated)	\$506,931	\$1,949,256

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

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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	\$ 477,430
Early Intervention Services Cluster: Special Education Grants for Infants and Families with Disabilities	N/a	84.181	<u>580,834</u>
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>			<u>1,058,264</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	<u>344,693</u>
<b>TOTAL U. S DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>344,693</u>
<b>TOTAL</b>			<u><u>\$ 1,402,957</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, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - SUBRECIPIENTS**

The Council passes certain federal awards received from the Ohio Department of Health to other governments or not-for-profit agencies (subrecipients). As 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 AUDITOR'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 have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities of the Hamilton County Family and Children First Council, Hamilton County, Ohio (the Council), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated September 27, 2013, wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted that the Council adopted the provisions of Governmental Accounting Standard Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as described in our opinion on the Council's financial statements.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Columbus, Ohio

September 25, 2013



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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, Ohio 45202

To the Members of Council:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Hamilton County Family and Children First Council's, Hamilton County, Ohio (the Council), compliance with the applicable 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 Hamilton County Family and Children First Council's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Council's major federal program.

### ***Management's Responsibility***

The Council's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Council's compliance for each of the Council's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Council's major programs. However, our audit does not provide a legal determination of the Council's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Hamilton County Family and Children First Council complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

***Report on Internal Control Over Compliance***

The Council's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Council's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Council'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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 25, 2013

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2012**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse – GAAP Presentation, Unmodified - 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 significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<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 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(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Early Intervention Services (IDEA) – CFDA 84.181 Maternal and Child Health Services Block Grant – CFDA 93.994
<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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

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)  
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Noncompliance and material weakness in accounting system.	Yes	
2011-002	Material weakness related to not implementing GASB 54.	Yes	

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# Dave Yost • Auditor of State

**HAMILTON COUNTY FAMILY 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  
OCTOBER 10, 2013**