

Hamilton County Family and Children First Council

**Report on Audit of Financial Statements
for the Years Ended December 31, 1999 and 1998,
Together With Report on Federal Awards in
Accordance With OMB Circular A-133 for the Year
Ended December 31, 1999, With Supplemental
Schedules**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

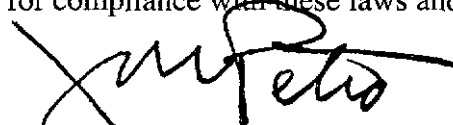
Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Hamilton County Family and Children First Council

We have reviewed the Independent Auditor's Report of the Hamilton County Family and Children First Council, Hamilton County, prepared by Pricewaterhouse Coopers LLP for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

September 6, 2000

Report of Independent Accountants

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

We have audited the accompanying combined statements of cash receipts, cash disbursements and changes in fund cash balances of the Hamilton County Family and Children First Council, County of Hamilton, Ohio, (the "Council") at and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit of these statements in accordance with 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, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to 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 at December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2000, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants for the year ended December 31, 1999. That report is an integral part of an audit

Hamilton County Family and Children First Council

Page 2

performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 1999, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PriceWaterhouseCoopers LLP

June 15, 2000

Hamilton County Family and Children First Council
Combined Statement of Cash Receipts, Cash Disbursements and Changes in
Fund Cash Balances – All Governmental Fund Types
for the year ended December 31, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Intergovernmental	\$ 20,000	\$ 4,018,380	\$ 4,038,380
Children first plan funding	995,317	-	995,317
Creative connection funding	11,908,436	-	11,908,436
Membership dues	79,100	-	79,100
Training, seminars and workshops	4,788	-	4,788
Miscellaneous	50	-	50
Total cash receipts	<u>13,007,691</u>	<u>4,018,380</u>	<u>17,026,071</u>
Cash disbursements:			
Salaries and fringes	83,872	352,296	436,168
Office supplies	5,150	82	5,232
Equipment	10,084	-	10,084
Telephone	2,821	193	3,014
Postage	675	-	675
Travel and mileage	8,167	-	8,167
Printing, publishing and advertising	7,794	391	8,185
Rent	24,937	-	24,937
Contracts, providers and others	9,800,192	3,464,263	13,264,455
Total cash disbursements	<u>9,943,692</u>	<u>3,817,225</u>	<u>13,760,917</u>
Excess of cash receipts over cash disbursements	3,063,999	201,155	3,265,154
Fund cash balances at January 1, 1999	<u>1,665,959</u>	<u>975,917</u>	<u>2,641,876</u>
Fund cash balances at December 31, 1999	<u>\$ 4,729,958</u>	<u>\$ 1,177,072</u>	<u>\$ 5,907,030</u>
Reserve for encumbrances at December 31, 1999			<u>\$ 241,351</u>

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

Hamilton County Family and Children First Council
Combined Statement of Cash Receipts, Cash Disbursements and Changes in
Fund Cash Balances – All Governmental Fund Types
for the year ended December 31, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Intergovernmental	\$ -	\$ 2,393,864	\$ 2,393,864
Children first plan funding	871,519	-	871,519
Creative connections funding	1,927,586	-	1,927,586
Membership dues	77,280	-	77,280
Training, seminars and workshops	8,361	-	8,361
Total cash receipts	<u>2,884,746</u>	<u>2,393,864</u>	<u>5,278,610</u>
Cash disbursements:			
Salaries and fringes	35,736	349,600	385,336
Office supplies	2,066	60	2,126
Equipment	13,424	-	13,424
Telephone	2,942	-	2,942
Postage	505	-	505
Travel and mileage	4,127	-	4,127
Printing, publishing and advertising	2,096	315	2,411
Rent	19,965	1,096	21,061
Contracts, providers and others	2,135,758	1,945,009	4,080,767
Total cash disbursements	<u>2,216,619</u>	<u>2,296,080</u>	<u>4,512,699</u>
Excess of cash receipts over cash disbursements	668,127	97,784	765,911
Fund cash balances at January 1, 1998	<u>997,832</u>	<u>878,133</u>	<u>1,875,965</u>
Fund cash balances at December 31, 1998	<u>\$ 1,665,959</u>	<u>\$ 975,917</u>	<u>\$ 2,641,876</u>
Reserve for encumbrances at December 31, 1998			<u>\$ 332,204</u>

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

Hamilton County Family and Children First Council

Notes to the Financial Statements

1. Description of the Entity

Section 121.37, Ohio Revised Code, created the Ohio Family and Children First Council and permitted counties to establish county family and children first councils. The Hamilton County Family and Children First Council (the "Council") is a department of the County of Hamilton, Ohio (the "County"). Statutory membership of a county council consists of the following individuals:

- A. The director of the board of alcohol, drug addiction and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- B. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- C. The director of the county department of human services;
- D. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Ohio Revised Code;
- E. The superintendent of the county board of mental retardation and developmental disabilities;
- F. The county's juvenile court judge senior in service;
- G. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- H. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- I. A representative of the largest city in the county;
- J. The chair of the board of county commissioners, or an individual designated by the board;
- K. A representative of the regional office of the department of youth services;
- L. A representative of the county's head start agencies, as defined in section 3301.31 of the Ohio Revised Code;
- M. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the *Education of the Handicapped Act Amendments of 1986*; and

Hamilton County Family and Children First Council

Notes to the Financial Statements

N. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

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

A county council's statutory responsibilities include the following:

- A. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- B. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- C. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- D. Participate in the development of a county-wide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the *Education of the Handicapped Act Amendments of 1986*;
- E. Maintain an accountability system to monitor the council's progress in achieving its purposes; and
- F. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

Executive Committee

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

Hamilton County Family and Children First Council

Notes to the Financial Statements

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements follow the cash basis of accounting, as permitted by the Auditor of the State of Ohio. Under the cash basis of accounting, receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

B. Fund Accounting

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

- General Fund

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

- Special Revenue Fund

This fund is used to account for proceeds that are restricted to expenditure for specific purposes. The Council maintains a special revenue fund for awards funded from federal, state and local sources. During 1999, the following programs were awarded to the Council: Ohio Early Start, Family Stability Incentive Program, Ohio Wellness Block Grant and the Children First Plan.

C. Fiscal Agent

The County is the Council's fiscal agent, maintaining Council funds in a separate special revenue fund.

D. Property, Plant and Equipment

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

Hamilton County Family and Children First Council

Notes to the Financial Statements

E. Grant Subrecipients

During the period January 1, 1999, through December 31, 1999, the Council was awarded one federal grant, entitled Promoting Safe and Stable Families. The Council passed the federal funds received from this grant through to subrecipients: the Lighthouse Youth Services, Inc., the Hamilton County Department of Human Services, Beech Acres, Hamilton County Juvenile Court and Talbert House. The Council relied on the subrecipient to perform a majority of administrative functions pertaining to the grant.

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

The County Treasurer maintains a cash and investments pool used by most of the County's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amounts of cash on deposit with the County Treasurer at December 31, 1999, and December 31, 1998, was \$6,428,311 and \$4,821,536, respectively.

The County Treasurer, as the ultimate fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the County's pooled cash and investments accounts.

4. **Retirement Plan**

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

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

For the years ended December 31, 1999 and 1998, PERS participants contributed 8.5% of their gross salaries and the County contributed an amount equal to 13.55% of participants' gross salaries.

**Hamilton County Family and Children First Council
Supplemental Schedule of Expenditures of Federal Awards
for the year ended December 31, 1999**

Federal Grantor/Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed Through Ohio			
Department of Human Services:			
Promoting Safe and Stable Families*	72-CS-99-01	93.556	\$ 1,390,456

*Major Program

Of the federal expenditures presented in this schedule, the Hamilton County Family and Children First Council (the "Council") provided federal awards equaling \$1,390,456 to subrecipients.

Notes to Schedule of Expenditures of Federal Awards:

Major Programs

A risk-based approach is used to determine which federal programs are major programs. This approach includes consideration of current and prior audit experience, oversight by pass-through agencies and inherent risk of the federal program. A \$300,000 threshold is used to distinguish between Type A and Type B programs as described in Section .520(b) of the U.S. Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE A – Significant Accounting Policies

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

NOTE B – Subrecipients

The Council passes through certain federal assistance received from the U.S. Department of Health and Human Services to other governments or not-for-profit agencies (subrecipients). The Council records expenditures of federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these federal programs. Under Circular A-133, the Council is responsible for monitoring subrecipients to help assure that federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

**Hamilton County Family and Children First Council
 Supplemental Schedule of Findings and Questioned Costs
 Section I – Summary of Auditor’s Results
 for the year ended December 31, 1999**

Financial Statements

Type of auditor’s report issued:	Cash basis ¹
Internal control over financing reporting:	
• Material weaknesses identified?	No
• Reportable conditions identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Reportable conditions identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133?	No

Program Audited as Major

Promoting Safe and Stable Families (CFDA number 93.556)	
Dollar threshold used to distinguish between type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

¹In our opinion, the financial statements present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Council at December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the cash basis of accounting.

Hamilton County Family and Children First Council
Supplemental Schedule of Findings and Questioned Costs, continued
Section II – Financial Statement Findings
for the year ended December 31, 1999

No items noted.

Hamilton County Family and Children First Council
Supplemental Schedule of Findings and Questioned Costs, continued
Section III – Federal Award Findings and Questioned Costs
for the year ended December 31, 1999

No items noted.

**Hamilton County Family and Children First Council
Supplemental Schedule of Prior Audit Findings
for the year ended December 31, 1999**

There were no prior audit findings.

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

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

Compliance

We have audited the compliance of the Hamilton County Family and Children First Council, County of Hamilton, Ohio, (the "Council") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The Council's major federal program is identified in the schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Hamilton County Family and Children First Council
Page 2

Internal Control Over Compliance

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

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

PriceWaterhouseCoopers LLP

June 15, 2000

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

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

We have audited the financial statements of the Hamilton County Family and Children First Council, County of Hamilton, Ohio, (the "Council") at and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 15, 2000. We conducted our audit in accordance with 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amount that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by

Hamilton County Family and Children First Council
Page 2

employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

PriceWaterhouseCoopers LLP

June 15, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
OCTOBER 10, 2000**