



Mary Taylor, CPA
Auditor of State

**AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
AUGLAIZE COUNTY**

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Mary Taylor, CPA
Auditor of State

Auglaize County Family and Children First Council
Auglaize County
1045 Dearbaugh Ave., Suite 2
Wapakoneta, Ohio 45895

To the Members of the 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 3, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Auglaize County Family and Children First Council
Auglaize County
1045 Dearbaugh Ave., Suite 2
Wapakoneta, Ohio 45895

To the Members of the Council:

We have audited the accompanying financial statements of the Auglaize County Family and Children First Council, Auglaize County, (the Council) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards require 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 Council's to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Auglaize County Family and Children First County, Auglaize County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2007, 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.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 3, 2007

**AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
AUGLAIZE COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$40,000	\$211,568	\$251,568
Miscellaneous	8,931	24	8,955
Total Cash Receipts	<u>48,931</u>	<u>211,592</u>	<u>260,523</u>
Cash Disbursements:			
Current:			
Salary	20,130	132,708	152,838
Medicare Tax	292	1,409	1,701
Supplies	347	13,586	13,933
Contract Services	3,548	51,757	55,305
Travel/Training	1,517	7,365	8,882
Hospitalization		19,383	19,383
OPERS	2,754	17,967	20,721
Workers Compensation	387	1,554	1,941
Administration		813	813
Project		15,427	15,427
Total Cash Disbursements	<u>28,975</u>	<u>261,969</u>	<u>290,944</u>
Total Receipts Over/(Under) Disbursements	<u>19,956</u>	<u>(50,377)</u>	<u>(30,421)</u>
Fund Cash Balances, January 1	<u>26,352</u>	<u>135,474</u>	<u>161,826</u>
Fund Cash Balances, December 31	<u>\$46,308</u>	<u>\$85,097</u>	<u>\$131,405</u>

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

**AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$6,947	\$269,636	\$276,583
Miscellaneous	1,556	1,137	2,693
Total Cash Receipts	<u>8,503</u>	<u>270,773</u>	<u>279,276</u>
Cash Disbursements:			
Current:			
Salary	22,263	93,777	116,040
Medicare Tax	323	1,126	1,449
Supplies	691	4,721	5,412
Equipment	1,180		1,180
Contract Services	3,863	54,498	58,361
Travel/Training	1,783	5,285	7,068
Hospitalization		10,731	10,731
OPERS	3,134	13,165	16,299
Workers Compensation	276	1,198	1,474
Administration		812	812
Project		23,140	23,140
Miscellaneous		6,253	6,253
Total Cash Disbursements	<u>33,513</u>	<u>214,706</u>	<u>248,219</u>
Total Receipts Over/(Under) Disbursements	<u>(25,010)</u>	<u>56,067</u>	<u>31,057</u>
Fund Cash Balances, January 1 (Restated - See Note 2)	<u>51,362</u>	<u>79,407</u>	<u>130,769</u>
Fund Cash Balances, December 31	<u>\$26,352</u>	<u>\$135,474</u>	<u>\$161,826</u>

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

**AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Revised Code, created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. Statutory membership of a county council consists of the following individuals:

- Director of the Alcohol, Drug Addiction and Mental Health Services Board serving the county;
- The health commissioner of the board of health of each city or general health district in the county, or their designees;
- The director of the county department of job and family services;
- The superintendent of the county board of mental retardation and developmental disabilities;
- The director of the children service agency;
- The presiding judge of the juvenile court;
- The superintendent of the County's largest school district;
- The superintendent representing all other school districts;
- The chair of county commissioners or designee;
- A head start representative;
- A county early intervention collaborative representative;
- At least three individuals whose families have received services from two or more agencies represented on the council;
- A representative of regional department of youth services; and,
- A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

The Family and Children First Council will include as members any agency, school system, or other interested party serving Auglaize County children and their families according to the Council's Vision Statement. Any such entity that passes a resolution endorsing the Vision Statement and agrees to cooperate in the development and implementation of the goals of Families and Children First shall be considered a member.

**AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

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

These statements adequately disclose material matters the Auditor of State's accounting basis requires.

C. Cash

The Auglaize County Auditor acts as fiscal agent for the Council and the Auglaize County Treasurer maintains a cash and investment pool used by all County funds.

D. 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:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council maintains a separate special revenue fund for each program which is awarded to the Council that is either entirely or partially funded from state sources. The Council had the following significant Special Revenue Funds:

FAST/935 Fund – The FAST/935 Fund is a group of pooled funds from local agencies (JFS, MRDD, MHR SB) to promote safe and stable families. The FCFC/the FAST Committee designs strategies to stabilize families in crisis and provides alternatives to removing children from their homes based on local needs and existing resources. Services include but are not limited to financial assistance, family support, counseling, and respite care for families involved with local family serving systems.

Help Me Grow Grant - The Help Me Grow Grant is administered by the Ohio Department of Health to provide services for expectant parents, newborns and their families, and toddlers at risk for or with developmental delays and disabilities and their families.

**AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fiscal Agent

The Auglaize County Auditor has been designated by the Council to serve as the fiscal agent. Council funds are maintained in separate agency funds in the County.

F. Administrative Agent

The Auglaize County Board of Health has been designated by the Council to serve as the administrative agent.

G. Budgetary Process

ORC Section 121.37 states that the Council should file an annual budget with their administrative agent, county auditor, and the board of county commissioners.

A summary of 2006 and 2005 budgetary activity appears in Note 4.

H. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Council.

2. ACCOUNTING CHANGE

The December 31, 2004 Special Revenue Fund Type ending balance was restated for January 1, 2005. The Board of County Commissioners appointed the Council to administer the Children's Trust Fund on December 14, 2000. However this fund was previously not included in the financial statements.

Ending Balance, December 31, 2004	\$65,932
Children's Trust Fund Balance, December 31, 2004	<u>13,475</u>
Restated Balance, January 1, 2005	<u>\$79,407</u>

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Auglaize County Auditor acts as fiscal agent and the Auglaize County Treasurer maintains a cash and investment pool used by all County funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts for the Council's portion of cash and investments on the records of the County Auditor as of December 31, 2004, and 2003 were as follows:

	2006	2005
County Treasury	<u>\$131,405</u>	<u>\$161,826</u>

**AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,000	\$48,931	\$33,931
Special Revenue	234,624	211,592	(23,032)
Total	<u>\$249,624</u>	<u>\$260,523</u>	<u>\$10,899</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,116	\$28,975	\$12,141
Special Revenue	368,581	261,969	106,612
Total	<u>\$409,697</u>	<u>\$290,944</u>	<u>\$118,753</u>

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$20,000	\$8,503	(\$11,497)
Special Revenue	212,139	270,773	58,634
Total	<u>\$232,139</u>	<u>\$279,276</u>	<u>\$47,137</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,209	\$33,513	\$37,696
Special Revenue	232,636	214,706	17,930
Total	<u>\$303,845</u>	<u>\$248,219</u>	<u>\$55,626</u>

5. 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 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Council contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Council has paid all contributions required through December 31, 2006.

**AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. CONTINGENT LIABILITIES

The Council received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council December 31, 2006 and 2005.

7. RISK MANAGEMENT

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

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Mary Taylor, CPA

Auditor of State

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

Auglaize County Family and Children First Council
Auglaize County
1045 Dearbaugh Ave., Suite 2
Wapakoneta, Ohio 45895

To the Members of the Council:

We have audited the financial statements of the Auglaize County Family and Children First Council, Auglaize County, (the Council) as of and for the year ended December 31, 2006 and 2005, and have issued our report thereon dated October 3, 2007 wherein we noted 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management and Members of Council. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

October 3, 2007



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

AUGLAIZE 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
NOVEMBER 8, 2007**