



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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Mary Taylor, CPA

Auditor of State

Family and Children First Council
Allen County
616 South Collett Street, Suite 201
Lima, Ohio 45801

To the Board of Directors:

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.

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Mary Taylor, CPA
Auditor of State

May 31, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Allen County
616 South Collett Street, Suite 201
Lima, Ohio 45801

To the Board of Directors:

We have audited the accompanying financial statements of the Family and Children First Council, Allen 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 2, 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.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require councils to reformat their statements. The Council has elected not to reformat its financial statements. Since the Council does not use GAAP to measure financial statement amounts, 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 Family and Children First Council, Allen 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 2 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 May 31, 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

May 31, 2007

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
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 Receipts	\$65,514	\$314,035	\$379,549
Dues	13,600		13,600
Miscellaneous	1,645	11,479	13,124
Total Cash Receipts	<u>80,759</u>	<u>325,514</u>	<u>406,273</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	71,529		71,529
Supplies	91		91
Travel/Training	761		761
Intergovernmental Disbursements		234,351	234,351
Contractual Services		105,094	105,094
Miscellaneous		12,424	12,424
Total Cash Disbursements	<u>72,381</u>	<u>351,869</u>	<u>424,250</u>
Total Receipts Over/(Under) Disbursements	8,378	(26,355)	(17,977)
Fund Cash Balances, January 1	<u>28,256</u>	<u>179,171</u>	<u>207,427</u>
Fund Cash Balances, December 31	<u><u>\$36,634</u></u>	<u><u>\$152,816</u></u>	<u><u>\$189,450</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
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 Receipts	\$70,003	\$289,423	\$359,426
Dues	11,300		11,300
Miscellaneous		16,532	16,532
Total Cash Receipts	<u>81,303</u>	<u>305,955</u>	<u>387,258</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	69,268		69,268
Supplies	2,626		2,626
Travel/Training	649		649
Intergovernmental Disbursements		174,675	174,675
Contractual Services	23,362	139,394	162,756
Miscellaneous	1,373	9,101	10,474
Total Cash Disbursements	<u>97,278</u>	<u>323,170</u>	<u>420,448</u>
Total Receipts Over/(Under) Disbursements	(15,975)	(17,215)	(33,190)
Fund Cash Balances, January 1	<u>44,231</u>	<u>196,386</u>	<u>240,617</u>
Fund Cash Balances, December 31	<u>\$28,256</u>	<u>\$179,171</u>	<u>\$207,427</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

1. DESCRIPTION OF THE ENTITY

Ohio Rev. Code Section 121.37 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:

- 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 the Ohio Rev. Code Section 5153.15;
- e. The superintendent of the county board of mental retardation and 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 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 largest city in the county;
- i. The chair of the board of county commissioners, or an individual designated by the board;
- j. A representative of the regional office of the department of youth services;
- k. A representative of the county's head start agencies, as defined in Ohio Rev. Code Section 3301.31;
- l. 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";
- m. 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.
- n. The Juvenile Judge will be considered the Legal Advisor to Council and may send representation to Council, but is not a mandated member of this group according to the revisions of this section during 2006.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

1. DESCRIPTION OF THE ENTITY (Continued)

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. Participates 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.

To assist in fulfilling the Council's statutory responsibilities, the following committees have been established:

A. Intersystems Committee

This committee was established to oversee the coordination of services and funding for multi-system families and children and to proactively create change in the service delivery system to better meet the needs of families within the community. Responsibilities also include identification of programs to be provided for home behavioral health service in Allen County, and to revise and disseminate information about the county service coordination plan and make recommendations to Council concerning services and strategies that benefit the community.

B. Early Childhood Conference Committee

This committee was established to plan for cross-system training opportunities for Professionals who work with children birth to age five. This group also plans a Parent Night in conjunction with a conference to assure that parents benefit from the state and national speakers brought in as keynote speakers. The audience for this conference includes social service providers, health care providers, educators, and community members who work with and serve families. Attendance is between 150 – 225 from Allen and surrounding counties.

C. Prevention Services Committee

This committee was established to select, implement, monitor and evaluate appropriate prevention programs for the Children's Trust Fund; to serve the primary stated focus of the grants, while supporting the community's wellness through the use of a variety of prevention and intervention programs; to recommend future programming based on the results of the evaluation.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

1. DESCRIPTION OF THE ENTITY (Continued)

D. Allen County Collaborative Group (CCG) CORE Committee

This committee was established as the official link between Help Me Grow and Family and Children First Council. This committee is appointed by the President of Council and acts as the executive board for Help Me Grow. Oversight of programs, expenditures and collaborative relationships with Local Educational Association's and other birth to age three providers are this committee's responsibility. During 2006, this committee changed to the Early Childhood Coordinating Committee.

E. Finance Committee

This committee was established as the oversight of all fiscal concerns of Council. They have primary approval of grant proposals and the fiscal reports that Council submits to fund sources. This committee meets every other month to consider the progress toward expenditure of grants and local shared funds and to deal with any fiscal concerns that may arise.

F. Family Support Committee

This committee was established to identify and create strategies to meet family needs. Ensures that families have access to the support they need to promote self-sufficiency and supports family representation on Council and Council committees. Also seeks to find parents who could become members of Council and represent other families in committee and full Council meetings.

G. Steering Committee

This committee was established to discuss issues that need to be brought to Council for consideration, and to set the agenda for the next month's meeting. They also are often delegated to approve items that will need to be dealt with between Council meetings. This committee is comprised of the officers of Council plus two representatives of the mandated members, and two representatives of the community members. Officers serve one-year terms with the option to serve a second term. Mandated and Community representatives serve two-year terms in rotation.

2. SUMMARY OF SIGNIFICANT POLICIES

A. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT POLICIES (Continued)

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

During 2005 and 2006, the Council received funding from an Administration Grant and dues from member agencies. During 2005 Council received reimbursement for expenditures through a Title XX grant from Partnerships for Success.

During both years, five percent of the Children's Trust Fund revenue was utilized for administration. Also, for both years, Council received funds from Help Me Grow to reimburse for services of the Council staff. During 2006, funds were also received for the service coordination of Intersystems through a state general revenue fund non-behavioral services grant, and the Council began reimbursing the general fund for time spent on two annual conferences facilitated by the Council with receipts from conference registrations held in our Special Funds.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. During 2006 and 2005, the Council received grants from the Department of Health which included funding from federal Part C and the Ohio General Fund for Help Me Grow programs. A grant was also received from Children's Trust Fund to provide prevention programming for child abuse and neglect. The Intersystems account receives and dispenses local money for multi-system children and families who need more supportive services.

C. Administrative/Fiscal Agent

The Allen County Commissioners was designated by the Council to serve as the administrative agent as of January 1, 1997. The Allen County Auditor acts as fiscal agent for the Council and the County Treasurer maintains a cash and investment pool used by all County funds. Council funds are maintained in the agency funds of the County.

D. Grant Sub-recipients

Council requests proposals and selects a program administrator for the administration of the Help Me Grow program under guidance from the Department of Job and Family Services (DJFS). DJFS negotiates a contract with the selected administrator (MR/DD) who then utilizes funds from three sources: Federal Part C, Ohio General Fund and TANF. The first two funds are received through the county and are facilitated by the Council Coordinator, and the TANF funds are directly contracted between MR/DD and the DJFS. The two grants administered by the Council are presented as intergovernmental receipts and disbursement on the Council's financial statements.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT POLICIES (Continued)

E. Budgetary Process

The Council by-laws require that each fund be budgeted annually. A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. 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 cash basis of accounting used by the Council.

3. BUDGETARY ACTIVITY

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

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$83,079	\$80,759	(\$2,320)
Special Revenue	374,738	325,514	(49,224)
Total	<u>\$457,817</u>	<u>\$406,273</u>	<u>(\$51,544)</u>

2006 Budgeted vs Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,425	\$72,381	\$1,044
Special Revenue	455,020	351,869	103,151
Total	<u>\$528,445</u>	<u>\$424,250</u>	<u>\$104,195</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$84,628	\$81,303	(\$3,325)
Special Revenue	287,624	305,955	18,331
Total	<u>\$372,252</u>	<u>\$387,258</u>	<u>\$15,006</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$101,842	\$97,278	\$4,564
Special Revenue	359,970	323,170	36,800
Total	<u>\$461,812</u>	<u>\$420,448</u>	<u>\$41,364</u>

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

4. EQUITY IN POOLED CASH

The fiscal agent maintains separate funds for the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash with the county treasury as of December 31, 2006 was \$189,450, and as of December 31, 2005 was \$207,427. Allen County, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds.

5. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets. During 2006 and 2005, the Council's fiscal agent, Allen County, provided insurance for the assets of the Council.

6. RETIREMENT SYSTEMS

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 the plans' 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 percent and 8.5 percent, respectively, of their gross salaries and the Council contributed an amount equaling 13.70 percent and 13.55 percent, respectively, of participants' gross salaries. The Council has paid all contributions required through December 31, 2006.

7. GRANTS

The Council receives 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 is 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, based on prior experience, management believes such refunds, if any, would not be material.



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*

Family and Children First Council
Allen County
616 South Collett Street, Suite 201
Lima, Ohio 45801

To the Board of Directors:

We have audited the financial statements of the Family and Children First Council, Allen County, (the Council), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 31, 2007, wherein we noted the Council followed accounting practices the Auditor of State prescribes 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.

We noted certain matters that we reported to the Council's management in a separate letter dated May 31, 2007.

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 did note certain noncompliance or other matters that we reported to the Council's management in a separate letter dated May 31, 2007.

We intend this report solely for the information and use of the audit committee, management, and the Board of Directors. 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

May 31, 2007



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

ALLEN 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
JULY 5, 2007**