



Mary Taylor, CPA  
Auditor of State



**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended June 30, 2006.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended June 30, 2005.....	6
Notes to the Financial Statements .....	7
Federal Awards Expenditures Schedule For the Year Ended June 30, 2006 .....	13
Notes to the Schedule of Federal Awards Expenditures.....	14
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Independent Accountants' Report on Compliance with Requirements Applicable to The Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	17
Schedule of Findings .....	19
Schedule of Prior Audit Findings .....	21

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**Mary Taylor, CPA**  
Auditor of State

Children and Families First Council  
Licking County  
c/o Licking County Administrative Service Center  
675 Price Road  
Newark, Ohio 43055

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 a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Council 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 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

February 28, 2007

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Children and Families First Council  
Licking County  
c/o Licking County Administrative Service Center  
675 Price Road  
Newark, Ohio 43055

To the Members of the Council:

We have audited the accompanying financial statements of the Children and Families First Council, Licking County, Ohio, (the Council) as of and for the years ended June 30, 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.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the years ended June 30, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for June 30, 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for June 30, 2006 and 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since this 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 year ended June 30, 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 June 30, 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 Children and Families First Council, Licking County, Ohio, as of June 30, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the years ended June 30, 2006 and 2005. 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 February 28, 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.

We conducted our audit to opine on the financial statements that collectively comprise the Council's financial statements. The federal awards expenditures schedule is required by U.S. Office and Management and Budget Circular A-133, Audits of States, Local Governments, and Non Profit Organizations, and is not a required part of the financial statements. We subjected the federal awards expenditures schedule to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

February 28, 2007



**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$243,928	\$774,838	\$1,018,766
Interest	0	2,038	\$2,038
Local Contributions	0	401,179	\$401,179
Miscellaneous	0	37,431	37,431
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	243,928	1,215,486	1,459,414
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Salaries and Benefits	0	46,714	46,714
Contractual Services	63,512	1,093,624	1,157,136
Supplies and Materials	0	328	328
Miscellaneous	0	7,296	7,296
	<hr/>	<hr/>	<hr/>
Total Disbursements	63,512	1,147,962	1,211,474
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	180,416	67,524	247,940
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, July 1	160,647	97,456	258,103
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, June 30</b>	<b><u>\$341,063</u></b>	<b><u>\$164,980</u></b>	<b><u>\$506,043</u></b>

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

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$66,573	\$639,478	\$706,051
Interest	0	2,287	2,287
Local Contributions	0	\$337,850	337,850
Miscellaneous	0	34,751	34,751
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	66,573	1,014,366	1,080,939
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Salaries and Benefits	0	61,961	61,961
Contractual Services	101,089	908,936	1,010,025
Supplies and Materials	0	1,083	1,083
Miscellaneous	0	18,699	18,699
	<hr/>	<hr/>	<hr/>
Total Disbursements	101,089	990,679	1,091,768
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(34,516)	23,687	(10,829)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, July 1	195,163	73,769	268,932
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, June 30</b>	<b><u>\$160,647</u></b>	<b><u>\$97,456</u></b>	<b><u>\$258,103</u></b>

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

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Section 121.37, Ohio 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.

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

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.

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. 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 services gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of 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 every 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 purpose; and
- f. Establish a mechanism to ensure ongoing input from a board representation of families who are receiving service within the county system.

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

**C. Fund Accounting**

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Council classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) 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 or partially funded from federal or state sources. During 2005 and 2006, the following programs were awarded to the Council: Help Me Grow Grant, Children's Trust Grant, Partnerships for Success Grant, Drug Free Community Grant and Family Stability Incentive Fund Grant.

The Miller Trust Fund donations were accounted for in a special revenue fund and the funds were maintained in a trust account at Park National Bank. Establishment of this bank account, by the Council, is contrary to the Council's fiscal agent agreement with Licking County Mental Retardation and Developmental Disabilities and the Ohio Rev. Code.

**D. Administrative/Fiscal Agent**

During Fiscal Years 2006 and 2005, the following entities served as the Council's Administrative and Fiscal Agents:

Administrative Agent

Licking County Department of Mental Retardation and Developmental Disabilities Board

Fiscal Agents

Licking County Auditor to account for all grant and miscellaneous funds, and Licking County Department of Job and Family Services (Licking County Auditor) to account for the Council's pooled funds.

**E. Property, Plant, and Equipment**

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. CASH**

For the years ended June 30, 2006 and June 30, 2005, the Licking County Auditor maintained the following cash balances for the Council, in addition the Council maintained a banks account for the Miller Trust Fund.

The carrying amount of cash at June 30 was as follows:

	<u>2006</u>	<u>2005</u>
Total Deposits in Bank	\$14,835	\$28,707
Total Deposits with County Auditor	491,208	229,396
Total Deposits	<u>\$506,043</u>	<u>\$258,103</u>

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005  
(Continued)**

**2. CASH (Continued)**

**Deposits:** As required by Ohio Revised Code, the County Treasurer is the custodian for the Council's cash, except in 2005 and 2006 the Council maintained a trust account for the Miller Trust Fund donations. The Council's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carry amount. Cash balances are collateralized as a part of the County's cash management process. For the trust fund account, collateral was maintained by the trust agent as part of the trust agreement.

**3. BUDGETARY ACTIVITY**

The Council submits annual budgets to the fiscal agents as required by Ohio Law. These budgets summarize estimated receipts and disbursements.

Budgetary activity for the years ending June 30, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$138,430	\$243,928	\$105,498
Special Revenue	1,259,131	1,215,486	(43,645)
Total	\$1,397,561	\$1,459,414	\$61,853

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$118,680	\$63,512	\$55,168
Special Revenue	1,277,993	1,147,962	130,031
Total	\$1,396,673	\$1,211,474	\$185,199

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$172,285	\$66,573	(\$105,712)
Special Revenue	1,002,842	1,014,366	11,524
Total	\$1,175,127	\$1,080,939	(\$94,188)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$149,635	\$101,089	\$48,546
Special Revenue	1,069,099	990,679	78,420
Total	\$1,218,734	\$1,091,768	\$126,966

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005  
(Continued)**

**4. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which maybe disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed Through Ohio Department of Youth Services</i>			
Title V Delinquency Prevention Program	2005-JV-T50-5102	16.548	\$ 2,299
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through Ohio Department of Health:</i>			
Special Education-Grants for Infants and Families with Disabilities (Help Me Grow)	45-1-003-1-EG-06	84.181	146,730
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Direct Federal Program:</i>			
Drug-Free Communities Support Grant	6-H79-SP13155-01-4	93.276	11,633
<i>Passed Through Ohio Department of Jobs and Family Services</i>			
<i>Passed Through Licking County Department of Jobs and Family Services</i>			
Temporary Assistance for Needy Families (TANF)	-	93.558	322,359
<i>Passed Through Ohio Department of Mental Health</i>			
<i>Passed Through Licking Community Mental Health and Recovery Board</i>			
Family and Systems Team Dollars (FAST)	26-CS-06-01	93.556	<u>61,332</u>
Total U.S. Department of Health and Human Services			<u>395,324</u>
<b>Total</b>			<b><u><u>\$ 544,353</u></u></b>

*The accompanying notes are an integral part of this schedule.*

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE A. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) 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 Licking County Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As described in Note A, 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 Federal 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.



# 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*

Children and Families First Council  
Licking County  
c/o Licking County Administrative Service Center  
675 Price Road  
Newark, Ohio 43055

To the Members of the Council:

We have audited the financial statements of the Children and Families First Council, Licking County, Ohio, (the Council) as of and for the years ended June 30, 2006 and June 30, 2005, and have issued our report thereon dated February 28, 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2006-001.

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

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

February 28, 2007



# Mary Taylor, CPA

## Auditor of State

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

Children and Families First Council  
Licking County  
c/o Licking County Administrative Service Center  
675 Price Road  
Newark, Ohio 43055

To the Members of the Council:

#### Compliance

We have audited the compliance of the Children and Families First Council, Licking County, Ohio, (the Council) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the Council's major federal program. The Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to 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 of America; 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

#### Internal Control Over Compliance

The Council's management 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 directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Children and Families First Council  
Licking County  
Independent Accountants' Report on Compliance with Requirements  
Applicable to the Major Federal Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133  
Page

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 reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

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

**Mary Taylor, CPA**  
Auditor of State

February 28, 2007

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006 AND 2005**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions 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>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions 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?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #93.558-Temporary Assistance for Needy Families (TANF)
<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**

**FINDING NUMBER 2006-001**

**Local Foundation Grant**

Part 1 of the Agreement to Administer, the contract between the Licking County Children and Families First Council (the Council) and their Administrative Agent – the Licking County Department of Mental Retardation and Developmental Disabilities (LCMRDD), specifically states “the Council agrees to submit all funds (checks and cash) to the LCMRDD for deposit, additionally the LCMRDD shall “provide a separate set of accounting records, including revenue and expense, assets and liabilities, and fund balance of the council”. The LCMRDD also agreed to deposit all funds with the Licking County Auditor’s office in a fund allocated specifically to the Council.

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006 AND 2005  
(Continued)**

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

**FINDING NUMBER 2006-001 (Continued)**

**Local Foundation Grant (Continued)**

The Agreement to Administer follows the operating requirements for Family and Children First Councils outlined in Ohio Rev. Code Section 121.37, (A)(2)(g) which states in part that in seeking to fulfill its purpose, the council may enter into interagency agreements to encourage coordinated efforts at the state and local level to improve the state's social service delivery system. The agreements may include provisions regarding the receipt, transfer, and expenditure of funds.

The Council opened and maintained a bank account, separate from the LCMRDD for the purpose of accounting for the transactions of funds primarily received from the Miller Trust Fund, which was contributed to the Council from the Licking County Foundation. The amounts contributed by the Foundation were \$257,850 and \$249,150 in fiscal years 2005 and 2006, respectively, and are included in the Council's financial statements. This practice is contrary to the agreement with LCMRDD and the Ohio Rev. Code.

We recommend any subsequent funding received by the Council be accounted for by depositing funds with the LCMRDD, who will deposit and account for such funding with the Licking County Auditor, in accordance with the agreement and Section 121.37 of the Ohio Rev. Code.

**Officials' Response:**

The Licking County Children & Families First Council will follow procedures established in the Agreement to Administer with LCBMRDD and the ORC Section 121.37 regarding all Council funding. Council will deposit all funds with LCBMRDD, who will deposit and account for such funding with the Licking County Auditor.

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

**None**



**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2006 AND 2005**

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>
2003-001	Council did not ensure a single audit was performed as per OMB Circular A-133	Yes	





**Mary Taylor, CPA**  
Auditor of State

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING 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  
MARCH 29, 2007**