



**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Crawford County
1687 Marion Road
Bucyrus, Ohio 44820

To the Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Family and Children First Council, Crawford County, Ohio, (the Council) as of and for the year ended December 31, 2007, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principals generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Family and First Children First Council, Crawford County, Ohio, as of December 31, 2007, and the respective changes in cash financial position thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2008, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

March 24, 2008

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

The discussion and analysis of the Crawford County Family and Children First Council's (Council) financial performance provides a review of the Council's financial activities for the year ended December 31, 2007, within the limitations of the Council's cash basis of accounting. The intent of this discussion and analysis is to provide readers with a general explanation of the Council's financial performance. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Council's financial performance.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Council's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Council as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole Council, presenting both an aggregate view of the Council's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Council as a way to segregate money whose use is restricted to a particular specified purpose. These statements tell how services were financed in the short-term as well as what remains for future spending using the cash basis of accounting.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Council has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Reporting the Council as a Whole

The statement of net assets and the statement of activities reflect how the Council did financially during 2007, within the limitations of the cash basis of accounting. The Statement of Net Assets - Cash Basis presents the cash balance of the governmental activities of the Council at year end. The Statement of Activities - Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Council's general receipts.

These statements report the Council's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes can be one way to measure the Council's financial health. Over time, increases or decreases in the Council's cash position are one indicator of whether the Council's financial health is improving or deteriorating. When evaluating the Council's financial condition, other nonfinancial factors should also be considered, such as the Council's reliance on non-local financial resources for operations and the need for continued growth.

The Statement of Net Assets - Cash Basis reports all of the Council's activities, which are governmental. Member contributions and federal and state grant monies finance most of these activities.

Reporting the Council's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Council's major funds.

Governmental Funds - The Council's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Council's governmental operations and the social services provided. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Council's programs. The Council's budgetary process accounts for certain transactions on a cash basis. The Council files an annual estimate of expenditures with the Board of County Commissioners as required by law. This estimate is adopted by the Board. The Fiscal Officer inputs these appropriations into the system and ensures that the Council's expenditures do not exceed appropriations. The Council budgets on a fiscal year ending June 30, therefore no budgetary presentation is reported in the basic financial statements. The Council's significant governmental funds are presented on the financial statements in separate columns. The Council's major governmental funds are the General, Help Me Grow Grant, and House Bill 66 Funds.

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The Council as a Whole

Table 1 provides a summary of the Council's net assets for 2007 compared to 2006 on a cash basis:

**Table 1
Net Assets - Cash Basis**

	Governmental Activities	
	2007	2006
Assets		
Equity in Pooled Cash and Cash Equivalents	\$98,102	\$77,786
Net Assets		
Restricted for Other Purposes	21,116	31,840
Unrestricted	76,986	45,946
Total Net Assets	\$98,102	\$77,786

Net assets increased \$20,316. This represents a 26 percent increase from 2006. This increase can be attributed to several factors. Early Start and CAPTA programs were inadvertently omitted from the prior year financial statements contributing to a \$4,132 increase from last year's total net assets. The 2007 beginning net assets have been changed to reflect this and have been disclosed in Note 7. The most significant factor contributing to an increase in total net assets is due to timing differences in receipting revenues related to certain grants. Grant revenues were collected in 2007 for the Help Me Grow Program, Tobacco and Use Prevention, and the Bucyrus Community Foundation. Expenses for these programs were incurred in 2006.

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets for the year 2007.

**Table 2
Change in Net Assets**

	Governmental Activities	
	2007	2006
Program Cash Receipts		
Charges for Services	\$20,291	\$0
Operating Grants and Contributions	359,731	485,816
Total Program Cash Receipts	<u>380,022</u>	<u>485,816</u>
General Receipts		
Miscellaneous	1,149	47,549
Total General Receipts	<u>1,149</u>	<u>47,549</u>
Total Receipts	<u>381,171</u>	<u>533,365</u>
Disbursements		
General Government	100,732	59,809
Social Services	260,123	442,724
Total Disbursements	<u>360,855</u>	<u>502,533</u>
Change in Net Assets	20,316	30,832
Net Assets Beginning of Year – Restated	77,786	46,954
Net Assets End of Year	<u>\$98,102</u>	<u>\$77,786</u>

Program cash receipts accounted for a large part of the Council's total receipts in 2007. These receipts consist primarily of member contributions, a state allocation, and federal operating grants. Charges for services consist of member contributions for 2007. Operating grants and contributions decreased from 2006 to 2007 primarily due to the Help Me Grow Program no longer being administered by the Council effective July 1, 2007. This resulted in a 36 percent decrease from 2006 in grants received for this program. Miscellaneous receipts consisted primarily of reimbursements for 2007.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services. The Statement of Activities - Cash Basis reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The total cost of services represents expenses related to carrying out social service duties and administering the Help Me Grow program. The net cost of services identifies the cost of those services supported by charges for services, and federal and state grant monies.

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2007</u>	<u>2006 Restated</u>	<u>2007</u>	<u>2006 Restated</u>
General Government	\$100,732	\$59,809	(\$22,559)	(\$6,649)
Social Services	260,123	442,724	41,726	23,366
Total Expenses	<u>\$360,855</u>	<u>\$502,533</u>	<u>\$19,167</u>	<u>\$16,717</u>

Total cost of services decreased 28 percent from 2006 to 2007. This overall decrease can be partially attributed to the Council no longer administering the Help Me Grow program for the last six months of the calendar year in 2007. This represents a 42 percent decrease in the cost of services for the Help Me Grow program from 2006 to 2007. Also contributing to the decrease in the total cost of services was the fact that expenses were incurred in 2006 for certain grant programs such as the Healthy Community Program and House Bill 66. Revenues for these and other programs were collected in 2007 which contributed to the positive net cost of services for 2007.

The Family and Children First Council's Funds

The governmental funds had total receipts of \$381,171 and disbursements of \$360,855. The governmental funds had an increase in the cash balance of \$20,316.

Revenues decreased by 21 percent and disbursements increased by 68 percent from 2006 to 2007 in the Council's General Fund. This contributed to the decrease in the General Fund balance by \$21,410.

Contacting the Council's Financial Management

This financial report is designed to provide a general overview of the Council's finances for all those with an interest in the Council's finances and to reflect the Council's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Crawford County Family and Children First Council, 1687 Marion Road, Bucyrus, Ohio 44820.

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**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 98,102</u>
<i>Total Assets</i>	<u>98,102</u>
Net Assets	
Restricted for:	
Other Purposes	21,116
Unrestricted	<u>76,986</u>
<i>Total Net Assets</i>	<u>\$ 98,102</u>

See accompanying notes to the basic financial statements

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government				
Family and Children First	\$ 100,732	\$ 20,291	\$ 57,882	\$ (22,559)
Social Services				
Healthy Community Program	9,927	-	-	(9,927)
Help Me Grow	146,515	-	157,318	10,803
House Bill 66	31,629	-	43,112	11,483
CAPTA	2,214	-	-	(2,214)
Early Start	1,919	-	-	(1,919)
Tobacco Use and Prevention	-	-	12,500	12,500
ABC	4,458	-	5,681	1,223
Wellness	19,113	-	31,020	11,907
Kinship	7,863	-	10,747	2,884
123 Magic	17,970	-	18,888	918
Bucyrus Area Community Foundation	5,938	-	9,000	3,062
LAB	12,577	-	13,583	1,006
<i>Total Governmental Activities</i>	<u>\$ 360,855</u>	<u>\$ 20,291</u>	<u>\$ 359,731</u>	<u>19,167</u>
General Receipts				
Miscellaneous				<u>1,149</u>
<i>Total General Receipts</i>				<u>1,149</u>
Change in Net Assets				20,316
<i>Net Assets Beginning of Year - Restated (See Note 7)</i>				<u>77,786</u>
<i>Net Assets End of Year</i>				<u>\$ 98,102</u>

See accompanying notes to the basic financial statements

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 76,986	\$ 21,116	\$ 98,102
Total Assets	76,986	21,116	98,102
Fund Balances			
Reserved:			
Reserved for Encumbrances	7,143	1,877	9,020
Unreserved:			
Undesignated, Reported in:			
General Fund	69,843	-	69,843
Special Revenue Funds	-	19,239	19,239
<i>Total Fund Balances</i>	\$ 76,986	\$ 21,116	\$ 98,102

See accompanying notes to the basic financial statements

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Help Me Grow Grant	House Bill 66	Other Governmental Funds	Total Governmental Funds
Receipts					
Intergovernmental	\$ 57,882	\$ 157,318	\$ 43,112	\$ 79,919	\$ 338,231
Grants	-	-	-	21,500	21,500
Member Contributions	20,291	-	-	-	20,291
Miscellaneous	1,149	-	-	-	1,149
<i>Total Receipts</i>	<u>79,322</u>	<u>157,318</u>	<u>43,112</u>	<u>101,419</u>	<u>381,171</u>
Disbursements					
Current:					
Salaries	33,769	71,248	19,716	8,996	133,729
Retirement	7,643	24,430	5,609	3,861	41,543
Insurance	3,904	7,868	1,202	-	12,974
Medicare	471	997	391	131	1,990
Worker's Compensation	345	1,658	525	371	2,899
Supplies	-	1,205	1,469	23,289	25,963
Purchased Services	41,750	17,459	-	36,420	95,629
Rent and Utilities	8,122	2,273	515	986	11,896
Equipment	100	7,165	-	344	7,609
Parent Involvement	180	120	-	-	300
Dues and Fees	386	3,500	1,005	2,315	7,206
Travel and Meetings	1,151	4,715	917	2,874	9,657
Advertising and Printing	2,098	1,666	280	2,392	6,436
Family Travel	-	1,000	-	-	1,000
Other	813	1,211	-	-	2,024
<i>Total Disbursements</i>	<u>100,732</u>	<u>146,515</u>	<u>31,629</u>	<u>81,979</u>	<u>360,855</u>
Net Change in Fund Balance	(21,410)	10,803	11,483	19,440	20,316
<i>Fund Balance Beginning of Year - Restated (See Note 7)</i>	<u>98,396</u>	<u>(10,803)</u>	<u>(11,483)</u>	<u>1,676</u>	<u>77,786</u>
<i>Fund Balance End of Year</i>	<u>\$ 76,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,116</u>	<u>\$ 98,102</u>

See accompanying notes to the basic financial statements

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

1. Description of the Council and Reporting Entity

A. Description of the Entity

Ohio Revised code Section 121.37, created the Ohio Family and Children First Cabinet Council and required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any 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 its County Council. Each County Council must include the following individuals:

- a. At least three individuals whose families are or have received services from an agency represented on the Council or another County's Council. Where possible, the number of members representing families shall be equal to twenty percent of the Council's membership.
- b. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a county that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addiction, and Mental Health Services covers more than one county, the Director may designate a person to participate on the County's Council;
- c. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each city and general health district in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
- d. The Director of the County Department of Job and Family Services;
- e. The Executive Director of the county agency responsible for the administration of children service pursuant to Section 5153.15 of the Revised Code;
- f. The Superintendent of the County Board of Mental Retardation and Developmental Disabilities;
- g. The County's Juvenile Court judge senior in service or another judge of the juvenile court designated by the administrative judge or, where there is no administrative judge, by the judge senior in service;
- h. 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 Board of County Commissioners of its determination at least biennially;
- i. 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;
- j. A representative of the municipal corporation with the largest population in the County;
- k. The President of the Board of County Commissioners, or an individual designated by the Board;
- l. A representative of the regional office of the Department of Youth Services;

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

1. Description of the Council and Reporting Entity (Continued)

A. Description of the Entity (Continued)

- m. A representative of the County's Head Start agencies, as defined in Section 3301.31 of the Revised Code;
- n. 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
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Council shall provide for the following;

- a. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Reporting Entity

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides various services including human, social, health and educational services to families and children. The Council and Coordinator have direct responsibility for these activities.

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

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Council's accounting policies.

A. Basis of Presentation

The Council's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government.

The statement of net assets presents the financial condition of the governmental activities of the Council at year end. The statement of activities compares disbursements and program receipts for each program or function of the Council's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Council is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general cash receipts of the Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general cash receipts of the Council.

Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council utilizes the governmental category of funds.

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds

Governmental funds are those through which all functions of the Council are financed. The following are the Council's major governmental funds:

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the Council.

Help Me Grow Grant Fund - This fund is made up of three programs combined to form the Help Me Grow Program. They are Welcome Home State Subsidy, Early Intervention Services Part C from the Ohio Department of Health, and Temporary Assistance for Needy Families through Crawford County Job and Family Services. These monies are for the promotion of the well-being of young children through home-based specialized services and public awareness, with a special emphasis on early intervention and prevention.

House Bill 66 Fund - This fund accounts for receipts and expenditures made in conjunction with programs administered in accordance with House Bill 66.

The other governmental funds of the Council account for grants and other resources whose use is restricted for a particular purpose.

C. Basis of Accounting

The Council has elected to present its financial statements on a cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Council's financial records and reported in the financial statements when received in cash, rather than when earned, and disbursements are recorded when paid, rather than when a liability is incurred. Any such modifications made by the Council are described in the appropriate section in this note.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and their related expenses) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

D. Administrative/Fiscal Agent

The Council designates an administrative and fiscal agent for all funds received in the name of the Council. The Mid-Ohio Educational Service Center was designated as the administrative and fiscal agent for the Council for the period January 1, 2007 through June 30, 2007. The Crawford County Board of County Commissioners was designated as the administrative agent for the Council, and the Crawford County Auditor was designated as the fiscal agent for the Council for the period July 1, 2007 through December 31, 2007. Council funds are maintained by the Crawford County Auditor in separate funds.

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

E. Equity in Pooled Cash

The County Treasurer is the custodian for the Council's cash. The County's cash and investment pool holds the Council's cash, which is reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Crawford County Auditor's Office, 112 East Mansfield Street, Bucyrus, Ohio 44820.

F. Budgetary Activity

The Council files an annual estimate of expenditures with the Board of County Commissioners as required by law. This estimate is adopted by the Board. The Fiscal Officer inputs these appropriations into the system and ensures that the Council's expenditures do not exceed appropriations. The Council budgets on a fiscal year ending June 30, therefore no budgetary presentation is reported in the basic financial statements.

G. Capital Assets

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The Council recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 4 and 5, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Debt Obligations

The Council did not have any bonds or other long-term debt obligations.

K. Net Assets

These statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

Of the Councils \$21,116 restricted net assets for 2007, \$0 is restricted by enabling legislation.

L. Fund Balance Reserves

The Council reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Statement of Cash Basis Assets and Fund Balances reports \$9,020 of reserved for encumbrances. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

3. Risk Management

The Council is included in Crawford County's commercial insurance policies for the following risks:

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

During 2007, Crawford County contracted with Midland Service Agency, Inc. for its insurance. Comprehensive property insurance has a limit of \$44,957,473. The primary general liability limit is \$3,000,000.

Settled claims have not exceeded commercial coverage in any of the past three years, and there has been no significant reduction in coverage from the prior year.

4. Defined Benefit Retirement Plans

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the year ended December 31, 2007, members of all three plans were required to contribute 9.5 percent of their annual covered salary to fund pension obligations. The Council's contribution rate for pension benefits for 2007 was 8.35 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Council's required contribution for pension obligations to the traditional and combined plans for the year ended December 31, 2007 was \$1,564; 90 percent has been contributed for 2007. No contributions were made to the member-directed plan for 2007 by the Council or by plan members.

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

5. Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for ancillary health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 employer contribution rate was 13.85 percent of covered payroll; 6.0 percent was the portion used to fund health care from July 1, 2007, through December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase .5 to 5 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits was \$1,030. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2006 (the latest information available), was \$12.0 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004 was effective on January 1, 2007. Member and employers contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

6. Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

7. Accounting Change

The financial activity for the Child Abuse Prevention and Treatment Act (CAPTA) Fund and the Early Start Program Fund were not included in the financial statements in the prior year. The activity of these two funds is included in Other Governmental Funds for the current year. Additionally, in the prior year the Wellness Grant Fund and Healthy Community Program Fund were reported as major funds, however in the current year, these funds are now being reported as part of Other Governmental Funds, and as such are being included in the 'Fund Balance 12/31/06' below. Accounting for this activity in the current year had the following effect on the fund balances and net assets as previously reported at December 31, 2006:

	<u>Other Governmental Funds</u>
Fund Balance 12/31/06	(\$2,456)
Adjustment for CAPTA	2,213
Adjustment for Early Start Program	<u>1,919</u>
Restated Fund Balance 1/1/07	\$1,676

	<u>Governmental Activities</u>
Net Assets 12/31/06	\$73,654
Adjustment for CAPTA	2,213
Adjustment for Early Start Program	<u>1,919</u>
Restated Net Assets 1/1/07	\$77,786



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
Crawford County
1687 Marion Road
Bucyrus, Ohio 44820

To the Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Family and Children First Council, Crawford County, Ohio, (the Council) as of and for the year ended December 31, 2007, and have issued our report thereon dated March 24, 2008. 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 opinions 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 audit committee, management, and the Members of Council. We intend it for no one 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

March 24, 2008



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

CRAWFORD 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
MAY 29, 2008**