



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
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 December 31, 2006.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	6
Notes to the Financial Statements	7
Schedule of Federal Awards Expenditures.....	13
Notes to 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 Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.	17
Schedule of Findings - OMB Circular A -133 § .505.....	19
Schedule of Prior Audit Findings - OMB Circular A -133 § .315(b).....	23

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

Family and Children First Council
Athens County
P.O. Box 1046
Athens, Ohio 45701

To the Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

September 19, 2007

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Athens County
P.O. Box 1046
Athens, Ohio 45701

To the Council:

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 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 Council's financial statements. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. We subjected the Schedule of Federal Awards Expenditures 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

September 19, 2007

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 38,925	\$ 641,782	\$ 680,707
Local Agency Contributions	243,977		243,977
Miscellaneous	27,859	650	28,509
	<u>310,761</u>	<u>642,432</u>	<u>953,193</u>
Total Cash Receipts			
	<u>310,761</u>	<u>642,432</u>	<u>953,193</u>
Cash Disbursements:			
Personal Services	60,725	30	60,755
Contracted Services	241,271	884,129	1,125,400
Supplies and Materials	2,239	126	2,365
Miscellaneous	9,133	6,573	15,706
	<u>313,368</u>	<u>890,858</u>	<u>1,204,226</u>
Total Cash Disbursements			
	<u>313,368</u>	<u>890,858</u>	<u>1,204,226</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(2,607)	(248,426)	(251,033)
Fund Cash Balances, January 1	<u>63,380</u>	<u>371,814</u>	<u>435,194</u>
Fund Cash Balances, December 31	<u>\$ 60,773</u>	<u>\$ 123,388</u>	<u>\$ 184,161</u>
Reserve for Encumbrances, December 31	<u><u>\$ 15,626</u></u>	<u><u>\$ 7,786</u></u>	<u><u>\$ 23,412</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 25,770	\$ 743,782	\$ 769,552
Local Agency Contributions	183,466		183,466
Other Revenue	42,436	616	43,052
Total Cash Receipts	<u>251,672</u>	<u>744,398</u>	<u>996,070</u>
Cash Disbursements:			
Personal Services	45,625	80,300	125,925
Contractual Services	361,614	293,015	654,629
Supplies and Materials	1,325	394	1,719
Miscellaneous	2,163		2,163
Total Cash Disbursements	<u>410,727</u>	<u>373,709</u>	<u>784,436</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(159,055)	370,689	211,634
Fund Cash Balances, January 1	<u>222,435</u>	<u>1,125</u>	<u>223,560</u>
Fund Cash Balances, December 31	<u>\$ 63,380</u>	<u>\$ 371,814</u>	<u>\$ 435,194</u>
Reserve for Encumbrances, December 31	<u>\$ 15,554</u>	<u>\$ 0</u>	<u>\$ 15,554</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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. At least three individuals who are not employed by an agency represented on the council and 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 public children services agency;
- f. The superintendent of the county board of mental retardation and developmental disabilities;
- 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 board of county commissioners 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 municipal corporation with the largest population in the County;
- j. The president 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 3301.32 of the Revised Code;

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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.

County council's responsibilities include the following:

- a. Refer to the Cabinet Council those children for whom the county council cannot provide adequate services;
- b. Develop and implement 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;
- d. Participate 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 "Individuals with Disabilities Education Act of 2004";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes; and
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. The 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 the Auditor of State's accounting basis requires.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Fund:

Help Me Grow Program – This fund receives federal and state monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits and support from other parents.

D. Administrative and Fiscal Agent

The Athens County Children Services Board served as administrative agent and Athens County served as fiscal agent for the Council. Council funds are maintained in a separate agency fund by the County.

E. Budgetary Process

The Ohio Revised Code requires that the Council prepare an annual budget and file it with its administrative agent. This annual budget includes estimated receipts and disbursements.

Athens County, serving as fiscal officer for the Council, reserves (encumbers) appropriations when commitments are made.

A summary of fiscal years 2006 and 2005 budgetary activity appears in Note 3.

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

2. EQUITY IN POOLED CASH

Athens County maintains a cash pool used by all of the County Funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County Treasurer at December 31, 2005 was \$435,194 and at December 31, 2006 was \$184,161. The County, as custodian for the Council is responsible for maintaining adequate depository collateral for all funds in the County pooled deposit accounts.

3. BUDGETARY ACTIVITY

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

2006 Budgeted vs. Actual Receipts

Fund	Budgeted Receipts	Actual Receipts	Variance
General	\$ 236,650	\$ 310,761	\$ 74,111
Special Revenue	630,663	642,432	11,769
Total	<u>\$ 867,313</u>	<u>\$ 953,193</u>	<u>\$ 85,880</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 317,932	\$ 328,994	\$ (11,062)
Special Revenue	596,286	898,644	(302,358)
Total	<u>\$ 914,218</u>	<u>\$ 1,227,638</u>	<u>\$ (313,420)</u>

2005 Budgeted vs. Actual Receipts

Fund	Budgeted Receipts	Actual Receipts	Variance
General	\$ 219,000	\$ 251,672	\$ 32,672
Special Revenue	529,663	744,398	214,735
Total	<u>\$ 748,663</u>	<u>\$ 996,070</u>	<u>\$ 214,735</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 192,300	\$ 426,281	\$ (233,981)
Special Revenue	522,540	373,709	148,831
Total	<u>\$ 714,840</u>	<u>\$ 799,990</u>	<u>\$ (85,150)</u>

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

4. RISK MANAGEMENT

The Council is insured for general liability and casualty through Athens County.

5. RETIREMENT SYSTEMS

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2005, OPERS members contributed 8.5 percent of their gross salaries. The Council contributed an amount equaling 13.55 percent of participants' gross salaries. For 2006, OPERS members contributed 9.0 percent of their gross salaries. The Council contributed an amount equaling 13.70 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2006.

6. CONTINGENT LIABILITIES

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

This page intentionally left blank.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2006**

FEDERAL GRANTOR/ Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Entity Number	Expenditures
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed through Ohio Department of Health:</i>			
Special Education - Grants for Infants and Families with Disabilities	84.181	05-1-002-1-EG-06	<u>\$ 74,035</u>
Total United States Department of Education			74,035
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through Ohio Department of Health:</i>			
Temporary Assistance to Needy Families - Access to Better Care (ABC)	93.558	N/A	13,115
<i>Passed through Athens County Department of Job and Family Services:</i>			
Temporary Assistance to Needy Families	93.558	N/A	<u>657,866</u>
Total Temporary Assistance to Needy Families			<u>670,981</u>
Total United States Department of Health and Human Services			<u>670,981</u>
Total Federal Awards Expenditures			<u>\$ 745,016</u>

The Notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2006**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Family and Children First Council's federal awards programs. The Schedule has been prepared on the cash basis of accounting.



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
Athens County
P.O. Box 1046
Athens, Ohio 45701

To the Council:

We have audited the financial statements of the Family and Children First Council, Athens County, Ohio (the Council), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated September 19, 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 auditing 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-004.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiencies described above as finding numbers 2006-001 through 2006-004 are also material weaknesses.

We also noted a certain internal control matter that we reported to the Council's management in a separate letter September 19, 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*.

The Council's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Council's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

September 19, 2007



Mary Taylor, CPA

Auditor of State

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

Family and Children First Council
Athens County
P.O. Box 1046
Athens, Ohio 45701

To the Council:

Compliance

We have audited the compliance of the Family and Children First Council, Athens 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 December 31, 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 December 31, 2006.

Internal Control Over Compliance

The Council's management is responsible for establishing and maintaining effective internal control over compliance with the 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Council's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



Mary Taylor, CPA
Auditor of State

September 19, 2007

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Temporary Assistance to Needy Families, CFDA # 93.558
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2006-001

Material Weakness

Council should ensure the appropriations posted to the CSM system correspond to the budgeted amounts approved by Council as documented in the record of minutes.

During 2005 and 2006, the Council's appropriations reflected in the CSM system did not agree with the appropriations approved by Council. In addition, no budgeted amounts were posted to five of the grants during the audit. This prevents Council from accurately monitoring budgeted and actual activity.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2006 AND 2005
(Continued)**

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

FINDING NUMBER 2006-001 (Continued)

Material Weakness (Continued)

We recommend the Council ensure the budgeted amounts posted to the CSM system correspond to the budgeted amounts approved by Council as documented in the record of minutes as well as the grantors per the grant agreements/award letters and that the CSM financial statements are retained after all updates.

Client's Response:

Steps will be taken to ensure all budgetary amendments to be posted to the system are formally approved by the Council.

FINDING NUMBER 2006-002

Material Weakness

The 2006 appropriations exceeded total estimated resources at December 31, 2006, as follows:

Fund	Total Certified Resources	Appropriation Authority	Variance
General Fund	\$ 280,836	\$ 317,932	\$ (37,096)

This could result in the Council overspending available funds.

We recommend the Council review budgetary information on a regular basis to ensure appropriations have not exceeded total estimated resources and seek amendments as needed.

Client's Response:

Steps will be taken to ensure to request increases in both estimated receipts and appropriations when it becomes known that additional funds will be available.

FINDING NUMBER 2006-003

Material Weakness

Disbursements exceeded approved appropriations at December 31, 2006 in the following funds:

Fund	Appropriations	Disbursements	Variance
Help Me Grow	\$ 483,000	\$ 792,427	\$ (309,427)
ABC/FAST	39,786	80,326	(40,540)

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2006 AND 2005
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Disbursements exceeded approved appropriations at December 31, 2005 in the following fund:

<u>Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Variance</u>
General Fund	\$ 206,619	\$ 426,281	\$ (219,662)

Spending monies which have not been properly appropriated could result in deficit cash balances.

We recommend the Fiscal Officer monitor appropriation levels throughout the year and, when it becomes apparent actual expenditures may exceed appropriations, request the Council to approve increased appropriations and amending estimated resources if necessary.

Client's Response:

Steps will be taken to ensure to request increases in appropriations when it becomes known that additional funds will be available for expenditure

FINDING NUMBER 2006-004

Material Weakness

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. Management should:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that all accounting records are properly designed.
- Ensure adequate security of assets and records.
- Plan for adequate segregation of duties or compensating controls.
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.
- Perform analytical procedures to determine the reasonableness of financial data.
- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2006 AND 2005
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-004 (Continued)

Material Weakness (Continued)

The Council's unaudited financial statements required numerous adjustments. Specifically, we noted the following problems:

- Beginning and ending fund balances did not reconcile to the accounting records of the Council's fiscal agent.
- In 2005 and 2006, the activity of the ABC Fast and ABC TANF Special Revenue Funds was accounted for in the General Fund (fund 228) within the accounting system of the Council's fiscal agent.
- In 2005, Help Me Grow - GRF receipts totaling \$15,522 and Help Me Grow – Part C receipts totaling \$64,778 were not recorded on the financial statements.
- In 2006, Help Me Grow - GRF receipts totaling \$31,044 and Help Me Grow – Part C receipts totaling \$42,913 were not recorded on the financial statements.

The accompanying financial statements were adjusted to reflect the items noted above.

We recommend the Council make a concentrated effort to maintain their financial records in a manner which would allow for the preparation of accurate annual financial statements. The General Fund should be used to record all financial resources except those required to be reported in another fund, and a separate Special Revenue Fund should be set up for each specific revenue source (other than for trusts for individuals, private organizations, or other governments or for major capital projects) that is legally restricted to expenditure for specified purposes. The accounting records should also include documentation of fund cash balances for each individual fund.

Client's Response:

Steps will be taken to ensure all financial activity is reported on the financial reports and reconciled to the County.

3. FINDINGS FOR FEDERAL AWARDS

None.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	A material noncompliance citation was issued under Ohio Rev. Code Section 117.38 for failing to prepare annual financial reports and submitting them to the Auditor of State.	Yes	N/A
2004-002	A reportable condition was issued regarding appropriations exceeding total estimated resources in the Help Me Grow and Family Stability Incentive Funds.	No	Not Corrected: This item is repeated in the current audit Schedule of Findings as finding 2006-002.
2004-003	A material weakness was issued regarding errors and other reporting issues in the financial statements.	No	Partially Corrected: Some improvement was noted. This item is repeated in the current audit Schedule of Findings as finding 2006-004.
2004-004	A material noncompliance citation was issued under OMB Circular Number A-133, Subpart C §300(a) and Subpart B §200(a), for failure to identify expenditures related to Help Me Grow as federal expenditures and not notifying the Auditor of State that a single audit would be necessary.	Yes	N/A



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

ATHENS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 13, 2007**