

**CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 - 2005



Mary Taylor, CPA
Auditor of State

Members of Council
Crawford County Family and Children First Council
1687 Marion Rd.
Bucyrus, OH 44820

We have reviewed the *Independent Accountants' Report* of the Crawford County Family and Children First Council, Crawford County, prepared by Knox & Knox, for the audit period January 1, 2005 to December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Crawford County Family and Children First Council is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 13, 2007

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CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

REGULAR AUDIT

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KNOX & KNOX

Accountants and Consultants

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Crawford County Family and Children First Council, Crawford County, Ohio (the Council), as of and for the years ended December 31, 2006 and 2005, 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 2B, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Crawford County Family and Children First Council, Crawford County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position thereof for the years then ended in conformity with the basis of accounting Note 2B describes.

For the years ended December 31, 2006 and 2005, the Council revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 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.

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.

KNOX & KNOX

Orrville, Ohio
September 11, 2007

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED

This discussion and analysis of Crawford County Family and Children First Council's (Council) financial performance provides an overall review of the Council's financial activities for the fiscal years ended December 31, 2006 and 2005, within the limitations of the Council's cash basis accounting. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the cash-basis basic financial statements and notes to the financial statements to enhance their understanding of the Council's financial performance.

HIGHLIGHTS

Key highlights for 2006 are as follows:

- The total net cash assets of the governmental activities increased \$26,700, which represents a 56.86% increase from fiscal year 2005.
- General cash receipts accounted for \$47,549 or 9.0% of total governmental activities cash receipts. Program specific cash receipts accounted for \$480,579 or 91.0% of total governmental activities cash receipts of \$528,128.
- The Council had \$401,428 in cash disbursements related to governmental activities; \$480,579 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts of \$47, 549 were not adequate to provide for these programs.
- The Council's major funds are the General Fund, Wellness Grant Fund, Healthy Community Program Fund, House Bill 66 - Wrap-Around Services Grant Fund and Help Me Grow Grant Fund. The General Fund had cash receipts of \$100,709 in 2006. The cash disbursements of the General Fund totaled \$59,809 in 2006. The General Fund's cash balance increased \$40,900 from 2005 to 2006.

Key highlights for 2005 are as follows:

- The total net cash assets of the governmental activities decreased \$6,144, which represents 11.57% decrease below fiscal year 2004.
- General cash receipts accounted for \$21,833 or 4.11% of total governmental activities cash receipts. Program specific cash receipts accounted for \$508,827 or 95.89% of total governmental activities cash receipts of \$530,660.
- The Council had \$536,804 in cash disbursements related to governmental activities; \$508,827 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts of \$21, 833 were not adequate to provide for these programs.
- The Council's major funds are the General Fund, Wellness Grant Fund, Tobacco Use Prevention and Control Grant Fund, Healthy Community Program Fund, Bucyrus Area Community Foundation Fund and Help Me Grow Grant Fund. The General Fund had cash receipts of \$84,884 in 2005. The cash disbursements of the General Fund totaled \$82,599 in 2005. The General Fund's cash balance increased \$2,285 from 2004 to 2005.

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED

USING THE BASIC FINANCIAL STATEMENTS

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

The Statement of Net Assets–Cash Basis and Statement of Activities–Cash Basis provide information about the cash activities of the Council as a whole, presenting both an aggregate view of the Council's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Council's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Council, there are seven major governmental funds, the General Fund, Wellness Grant Fund, Healthy Community Program Fund, House Bill 66 - Wrap-Around Services Grant Fund, Help me Grow Grant Fund, Bucyrus Area Community Foundation Fund, and Tobacco Use Prevention and Control Grant Fund.

The notes to the 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.

REPORTING THE COUNCIL AS A WHOLE

Statement of Net Assets and the Statement of Activities

The Statements of Net Assets–Cash Basis and the Statement of Activities–Cash Basis answer the question, "How did we do financially during 2006 and 2005?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Council's net assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include, mandated federal and state programs and other factors.

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 collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statements of Net Assets–Cash Basis and the Statement of Activities–Cash Basis, the Governmental Activities includes the Council's programs and services including general government and social activities.

The Statements of Net Assets–Cash Basis and the Statement of Activities–Cash Basis can be found on pages 12-13 and 16-17 of this report.

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED

REPORTING THE COUNCIL'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Council has no proprietary or fiduciary funds.

Fund financial reports provide detailed information about the Council's major funds. The Council uses seven funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Council's most significant funds. The Council's major governmental funds are the General Fund, Wellness Grant Fund, Healthy Community Program Fund, House Bill 66 - Wrap-Around Grant Fund and Help Me Grow Grant Fund. The analysis of the Council's major governmental funds begins on page 9.

Governmental Funds

All of the Council's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United State of America.. The governmental fund financial statements provide a detailed view of the Council's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Councils programs. Since the Council is reporting on the cash basis of accounting there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 14 and 18 of this report.

The Council's budgetary process accounts for certain transactions on a cash basis. The Council submits an annual budget to the administrative agent which is submitted to the County, however, the Council is not required to follow Ohio Revised Code section 5705, therefore the presentation of budgetary statements is not required for the basic financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. These notes to the financial statements can be found on pages 20-28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Recall that the Statement of Net Assets–Cash Basis provides the perspective of the Council as a whole.

The table below provides a summary of the Council's net assets for 2006, 2005 and 2004.

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED

NET ASSETS

	Governmental Activities		
	2006	2005	2004
ASSETS			
Equity in pooled cash and cash equivalents	\$73,654	\$46,954	\$53,098
Total Assets	\$73,654	\$46,954	\$53,098
NET ASSETS			
Restricted	27,708	23,020	15,731
Unrestricted	45,946	23,934	37,367
Total Net Assets	\$73,654	\$46,954	\$53,098

The total net cash assets of the Council's governmental activities decreased \$6,144 in 2005 from fiscal year 2004. The balance of Government-wide unrestricted net cash assets of \$23,934 may be used to meet the government's ongoing obligations to citizens and creditors.

The total net cash assets of the Council's governmental activities increased \$26,700 in 2006 from fiscal 2005. The balance of Government-wide unrestricted net cash assets of \$45,946 may be used to meet the government's ongoing obligations to citizens and creditors:

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED

The table below shows the changes in net cash assets for fiscal year 2006, 2005 and 2004.

CHANGES IN NET ASSETS

	Governmental Activities		
	2006	2005	2004
CASH RECEIPTS:			
Program Cash Receipts:			
Operating Grants and Contributions	\$480,579	\$508,827	\$420,095
Total Program and Cash Receipts	480,579	508,827	420,095
General Cash Receipts:			
Miscellaneous	47,549	21,833	18,396
Total General Cash Receipts	47,549	21,833	18,396
Total Cash Receipts	528,128	530,660	438,491
CASH DISBURSEMENTS:			
General Government	59,809	81,540	86,779
Social Services	441,619	455,264	342,724
Total Cash Disbursements	501,428	536,804	429,503
Change in Net Assets	26,700	(6,144)	8,988
Net Assets beginning of year	46,954	53,098	44,110
NET ASSETS END IF YEAR	<u>\$73,654</u>	<u>\$46,954</u>	<u>\$53,098</u>

GOVERNMENTAL ACTIVITIES

Governmental net assets increased by \$26,700 in 2006 from 2005. Total governmental cash disbursements of \$528,128 were offset by program cash revenues of \$480,579 and general cash revenues of \$47,549 for fiscal year 2006.

The primary sources of cash revenue for governmental activities are derived from restricted grants and entitlements. These revenue sources represent 91.0% of total governmental cash revenue for fiscal 2006.

The largest cash disbursement of the Council is for other social services. These cash disbursements totaled \$441,619 or 88.07% of total governmental cash disbursements for fiscal year 2006.

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
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Governmental net assets decreased by \$6,144 in 2005 from 2004. Total governmental cash disbursements of \$536,804 were offset by program cash revenues of \$508,827 and general revenues of \$21,833 for fiscal year 2005.

The primary sources of cash revenue for governmental activities are derived from restricted grants and entitlements. These revenue sources represent 95.89% of total governmental cash revenue for fiscal 2005.

The largest cash disbursement of the Council is for other social services. These cash disbursements totaled \$454,205 or 84.61% of total governmental cash disbursements for fiscal year 2005.

The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2006, 2005 and 2004. That is, it identifies the cost of these services supported by unrestricted state grants and entitlements.

GOVERNMENTAL ACTIVITIES

	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
CASH DISBURSEMENTS:						
General Government	\$59,809	(\$6,649)	\$81,540	(\$18,489)	\$86,779	(\$29,383)
Social Services	441,619	(14,200)	455,264	(9,488)	342,724	19,975
 Total	 <u>\$501,428</u>	 <u>(\$20,849)</u>	 <u>\$536,804</u>	 <u>(\$27,977)</u>	 <u>\$429,503</u>	 <u>(\$9,408)</u>

The dependence on program cash receipts for governmental activities is apparent; with all of cash disbursements supported through program cash receipts from operating grants and contributions during 2006 and 2005.

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Council used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Council's governmental funds are accounted for using the cash basis of accounting.

At December 31, 2006, the Council's governmental funds reported a combined fund cash balance of \$73,654, which is \$26,700 more than last year's total of \$46,954. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2006 and 2005 for all major and non major governmental funds.

	<u>Fund Cash Balances</u>		<u>Increase (Decrease)</u>
	<u>December 31, 2006</u>	<u>December 31, 2005</u>	
Major Funds:			
General	\$98,396	\$57,496	\$40,900
Wellness Grant	(11,907)	(6,172)	(5,735)
Healthy Community Program	17,562	8,582	8,980
House Bill 66	(11,483)	(20,221)	8,738
Help Me Grow Grant	(10,803)	(4,958)	(5,845)
Other Nonmajor Governmental Funds	<u>(8,111)</u>	<u>12,227</u>	<u>(20,338)</u>
Total	<u><u>\$73,654</u></u>	<u><u>\$46,954</u></u>	<u><u>\$26,700</u></u>

General Fund

The General Fund had cash receipts of \$10,709 in 2006. The cash disbursements of the General Fund, totaled \$59,809 in 2006. The General Fund's cash balance increased \$40,900 from 2005 to 2006.

Wellness Grant Fund

The Wellness Grant Fund, a Council major fund, had cash receipts of \$58,450 in 2006. The Wellness Grant Fund had cash disbursements and other financing uses of \$64,185 in 2006. The Wellness Grant Fund cash balance decreased \$5,735 from 2005 to 2006.

Healthy Community Program Fund

The Healthy Community Program Fund, a Council major fund, had other financing sources of \$17,766 in 2006. The Healthy Community Program Fund had cash disbursements of \$8,786 in 2006. The Healthy Community Program Fund cash balance increased \$8,786 in 2006. The Healthy Community Program Fund cash balance increased \$8,980 from 2005 to 2006.

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED

House Bill 66 Fund

The House Bill 66 Wrap-Around Services (House Bill 66) Fund, a Council major fund, had cash receipts of \$70,083 in 2006. The HB 66 Fund had cash disbursements of \$7,042 in 2006. The HB 66 Fund cash balance increased \$8,738 from 2005 to 2006.

Help Me Grow Grant Fund

The Help Me Grow Grant Fund, a Council major fund, had cash receipts of \$247,572 in 2006. The Help Me Grow Grant Fund had cash disbursements of \$253,417 in 2006. The Help Me Grow Grant Fund cash balance decreased \$5,845 from 2005 to 2006.

At December 31, 2005 the Council's governmental funds reported a combined fund cash balance of \$46,954, which is \$6,144 less than last year's total of \$53,098. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2005 and 2004, for all major and nonmajor governmental funds.

	Fund Cash Balances		Increase (Decrease)
	December 31, 2005	December 31, 2004	
Major Funds:			
General	\$57,496	\$55,211	\$2,285
Wellness Grant	(6,172)	(5,134)	(1,038)
Tobacco Use Prevention and Control	7,605	1,085	6,520
Healthy Community Program	8,582	8,112	470
Bucyrus Area Community Foundation	6,678	5,320	\$1,358
Help Me Grow Grant	(4,958)	(4,849)	(109)
Other Nonmajor Governmental Funds	(22,277)	(6,647)	(15,630)
Total	<u>\$46,954</u>	<u>\$53,098</u>	<u>(\$6,144)</u>

General Fund

The General Fund had cash receipts of \$84,884 in 2005. The cash disbursements of the General Fund, totaled \$82,599 in 2005. The General Fund's cash balance increased \$2,285 from 2004 to 2005.

Wellness Grant Fund

The Wellness Grant Fund, a Council major fund, had cash receipts of \$64,428 in 2005. The Wellness Grant Fund had cash disbursements of \$65,466 in 2005. The Wellness Grant Fund cash balance decreased \$1,038 from 2004 to 2005.

Tobacco Use Prevention and Control (TUPC) Grant Fund

The TUPC Grant Fund, a Council major fund, had cash receipts of \$22,500 in 2005. The TUPC Grant Fund had cash disbursements of \$15,980 in 2005. The TUPC Grant Fund cash balance increased \$6,520

from 2004 to 2005.

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
UNAUDITED

Healthy Community Program Fund

The Healthy Community Program Fund, a Council major fund, had other financing sources of \$16,000 in 2005. The Healthy Community Program Fund had cash disbursements of \$15,530 in 2005. The Healthy Community Program Fund cash balance increased \$8,786 in 2006. The Healthy Community Program Fund cash balance decreased \$470 from 2004 to 2005.

Bucyrus Area Community Foundation Fund

The Bucyrus Area Community Foundation Fund, a Council major fund, had cash receipts of \$8,400 in 2005. The Bucyrus Area Community Foundation Fund had cash disbursements of \$7,042 in 2005. The Bucyrus Area Community Foundation Fund cash balance increased \$1,358 from 2004 to 2005.

Help Me Grow Grant Fund

The Help Me Grow Grant Fund, a Council major fund, had cash receipts of \$238,496 in 2005. The Help Me Grow Grant Fund had cash disbursements of \$238,605 in 2005. The Help Me Grow Grant Fund cash balance decreased \$109 from 2004 to 2005.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Council does not record capital assets in the accompanying basic financial statements, but records payment for capital assets as disbursements. The Council had no capital outlay disbursements during fiscal year 2006 and 2005.

Debt Administration

At December 31, 2006 and 2005, the Council had no long-term debt obligations outstanding.

CURRENT FINANCIAL RELATED ACTIVITIES

The existing services of the Council are reviewed to determine how they can be utilized in a more efficient manner and agencies are challenged to improve the way services are delivered. The Council is constantly assessing needs of its members and acting to provide these services cost-effectively.

CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Council's finances and to reflect the Council's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to The Executive Director, Crawford County Family and Children First Council, 1687 Marion Road, Bucyrus, Ohio 44820.

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Activities</u>
ASSETS:	
Equity in pooled cash and cash equivalents	\$73,654
	<u> </u>
Total Assets	<u><u>\$73,654</u></u>
NET CASH ASSETS:	
Restricted for:	
State and Federally Funded Programs	\$27,708
Unrestricted	<u>45,946</u>
Total Net Cash Assets	<u><u>\$73,654</u></u>

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

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Cash Disbursements</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES			
General Government	\$59,809	\$53,160	(\$6,649)
Social Services	<u>441,619</u>	<u>427,419</u>	<u>(14,200)</u>
Totals	<u>\$501,428</u>	<u>\$480,579</u>	<u>(20,849)</u>
	General Receipts		
	Miscellaneous		<u>47,549</u>
	Total General Receipts		<u>47,549</u>
	Change in Net Cash Assets		26,700
	Net Cash Assets beginning of Year		<u>46,954</u>
	NET CASH ASSETS END OF YEAR		<u>\$73,654</u>

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

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

STATEMENT OF ASSETS AND FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	General	Wellness Grant	Healthy Community Program	House Bill 66	Help Me Grow Grant	Other Governmental Funds	Total Governmental Funds
ASSETS:							
Equity in pooled cash and cash equivalents	<u>\$98,396</u>	<u>(\$11,907)</u>	<u>\$17,562</u>	<u>(\$11,483)</u>	<u>(\$10,803)</u>	<u>(\$8,111)</u>	<u>\$73,654</u>
Total Assets	<u>\$98,396</u>	<u>(\$11,907)</u>	<u>\$17,562</u>	<u>(\$11,483)</u>	<u>(\$10,803)</u>	<u>(\$8,111)</u>	<u>\$73,654</u>
FUND CASH BALANCES:							
Unreserved, Undesignated, reported in:							
General Fund	\$98,396						\$98,396
Special Revenue Funds	<u> </u>	<u>(11,907)</u>	<u>17,562</u>	<u>(11,483)</u>	<u>(10,803)</u>	<u>(8,111)</u>	<u>(24,742)</u>
Total Fund Cash Balances	<u>\$98,396</u>	<u>(\$11,907)</u>	<u>\$17,562</u>	<u>(\$11,483)</u>	<u>(\$10,803)</u>	<u>(\$8,111)</u>	<u>\$73,654</u>

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

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

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

	General	Wellness Grant	Healthy Community Program	House Bill 66	Help Me Grow Grant	Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS:							
Intergovernmental	\$27,500	\$58,450		\$70,083	\$247,572	\$43,614	\$447,219
Member Contributions	24,773						24,773
Donations	887						887
Miscellaneous	47,549					7,700	55,249
Total Cash Receipts	100,709	58,450		70,083	247,572	51,314	528,128
CASH DISBURSEMENTS:							
Salaries	17,212			34,517	144,829	17,686	214,244
Travel and Meetings	349	358	\$67	2,159	10,340	878	14,151
Retirement	4,365			5,103	25,662	2,213	37,343
Worker's Compensation	945			548	2,101	181	3,775
Medicare	218			493	2,056	259	3,026
Insurance	4,506			6,183	15,884		26,573
Advertising and Printing	403		165	1,608	3,375	2,861	8,412
School Projects	278	12,000					12,278
Parent Involvement					195	11,738	11,933
Purchased Services	17,793	23,018	6,626		15,735	7,518	70,690
Rent and Utilities					1,896		1,896
Supplies	4,760	1,414	1,667	3,229	9,512	19,434	40,016
Equipment		72		1,778	240	900	2,990
Dues and fees	6,698	6,111		4,235	6,500	2,280	25,824
Family Travel					3,025		3,025
Other Expenses	2,282	3,446	261	1,492	12,067	5,704	25,252
Total Cash Disbursements	59,809	46,419	8,786	61,345	253,417	71,652	501,428
Excess (deficiency) of Cash Receipts Over/(Under) Cash Disbursements	40,900	12,031	(8,786)	8,738	(5,845)	(20,338)	26,700
OTHER FINANCING SOURCES (USES):							
Transfers-In			17,766				17,766
Transfers-Out		(17,766)					(17,766)
Total Other Financing Sources (Uses)		(17,766)	17,766				
Net Change in Fund Cash Balances	40,900	(5,735)	8,980	8,738	(5,845)	(20,338)	26,700
Fund Cash Balances Beginning of Year	57,496	(6,172)	8,582	(20,221)	(4,958)	12,227	46,954
FUND CASH BALANCES END OF YEAR	\$98,396	(\$11,907)	\$17,562	(\$11,483)	(\$10,803)	(\$8,111)	\$73,654

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

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$46,954</u>
Total Assets	<u><u>\$46,954</u></u>
NET CASH ASSETS:	
Restricted for:	
State and Federally Funded Programs	\$23,020
Unrestricted	<u>23,934</u>
Total Net Cash Assets	<u><u>\$46,954</u></u>

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

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

		<u>Program Cash Receipts</u>	<u>Net (Cash Disbursements) Cash Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES			
General Government	\$82,599	\$63,051	(\$19,548)
Social Services	<u>454,205</u>	<u>445,776</u>	<u>(8,429)</u>
Totals	<u><u>\$536,804</u></u>	<u><u>\$508,827</u></u>	<u><u>(27,977)</u></u>
			<u>21,833</u>
			<u>21,833</u>
			(6,144)
			<u>53,098</u>
			<u><u>\$46,954</u></u>

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

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

STATEMENT OF ASSETS AND FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Wellness Grant	Tobacco Use Prevention Use Control Grant	Healthy Community Program	Bucyrus Area Community Foundation	Help Me Grow Grant	Other Governmental Funds	Total Governmental Funds
ASSETS:								
Equity in pooled cash and cash equivalents	\$57,496	(\$6,172)	\$7,605	\$8,582	\$6,678	(\$4,958)	(\$22,277)	\$46,954
Total Assets	<u>\$57,496</u>	<u>(\$6,172)</u>	<u>\$7,605</u>	<u>\$8,582</u>	<u>\$6,678</u>	<u>(\$4,958)</u>	<u>(\$22,277)</u>	<u>\$46,954</u>
FUND CASH BALANCES:								
Unreserved, Undesignated, reported in:								
General Fund	\$57,496							\$57,496
Special Revenue Funds		(\$6,172)	\$7,605	\$8,582	\$6,678	(\$4,958)	(\$22,277)	(10,542)
Total Fund Cash Balances	<u>\$57,496</u>	<u>(\$6,172)</u>	<u>\$7,605</u>	<u>\$8,582</u>	<u>\$6,678</u>	<u>(\$4,958)</u>	<u>(\$22,277)</u>	<u>\$46,954</u>

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

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

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

	General	Wellness Grant	Tobacco Use Prevention and Control Grant	Healthy Community Program	Bucyrus Area Community Foundation	Help Me Grow Grant	Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS:								
Intergovernmental	\$22,585	\$64,428	\$22,500	\$16,000	\$8,400	\$238,496	\$95,952	\$468,361
Member Contributions	37,493							37,493
Donations	2,973							2,973
Miscellaneous	21,833							21,833
Total Cash Receipts	84,884	64,428	22,500	16,000	8,400	238,496	95,952	530,660
CASH DISBURSEMENTS:								
Salaries	28,151					126,671	33,536	188,358
Travel and Meetings	1,158	1,487	1,830			9,023	263	13,761
Retirement	8,738		240			22,440	3,521	34,939
Worker's Compensation	323		19			1,046	154	1,542
Medicare	408					1,797	460	2,665
Insurance	4,342					17,965	2,002	24,309
Advertising and Printing	1,593			258		2,440	2,387	6,678
School Projects		10,000						10,000
Parent Involvement						400		400
Purchased Services	19,092	18,102	9,269	13,718	5,560	19,357	44,615	129,713
Rent and Utilities	1,839	992				1,604	1,330	5,765
Supplies	6,858	23,907	4,622	1,221		10,676	9,910	57,194
Equipment	812				1,482	1,634	3,571	7,499
Dues and fees	3,844	8,274				6,395	7,275	25,788
Family Travel						6,218		6,218
Other Expenses	5,441	2,704		333		10,939	2,558	21,975
Total Cash Disbursements	82,599	65,466	15,980	15,530	7,042	238,605	111,582	536,804
Net Change in Fund Cash Balances	2,285	(1,038)	6,520	470	1,358	(109)	(15,630)	(6,144)
Fund Cash Balances Beginning of Year	55,211	(5,134)	1,085	8,112	5,320	(4,849)	(6,647)	53,098
FUND CASH BALANCES END OF YEAR	\$57,496	(\$6,172)	\$7,605	\$8,582	\$6,678	(\$4,958)	(\$22,277)	\$46,954

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

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. DESCRIPTION OF THE ENTITY

Ohio Revised 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 county council consists of the following individuals.

- a. The director of the Board of Alcohol, Drug Addiction and Mental Health Services and serves the county, or, in the case of a county that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the directors of both boards;
- b. The Health Commissioner of the Board of Health of each city or general health district in the county, or their designees;
- c. The director of the County Department of Job and Family Services;
- d. The executive director of the county agency responsible for the administration of children service pursuant to Ohio Revised Code Section 5153.15;
- e. The superintendent of the County Board of Mental Retardation and Developmental Disabilities;
- f. 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;
- g. The superintendent of the city, exempted Council, 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 Ohio Revised code Section 3301.31;
- 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";
- n. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership.

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. DESCRIPTION OF THE ENTITY (continued)

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.

A county council's statutory responsibilities include the following:

- a. Refer to the Cabinet Council those children for whom the Council cannot provide adequate service;
- b. Make periodic reports to the Cabinet Council regarding the number of children referred to the County Council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a county wide, 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 Amendment of 1986";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.B, these financial statements of the Crawford County Family and Children First Council (the Council) have been prepared 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 and the fund financial statements for the proprietary funds, 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. The most significant of the Council's accounting policies are described below.

A. 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

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (continued)

government of the Council consists of all funds, departments, 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, the Executive Committee, and the Executive Director have direct responsibility for these activities.

B. Basis of Accounting

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this 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 expenses and liabilities) are not recorded in these financial statements.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in this paragraph.

C. Fund Accounting

The Council uses fund accounting to maintain its financial records during the year. Fund accounting is a concept development to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The Council classifies each fund either governmental, proprietary or fiduciary. The Council reports only governmental funds.

Governmental Funds

The Council classifies funds financed primarily from intergovernmental receipts (i.e. grants) and other non-exchange transactions as governmental funds. The following are the Council's major governmental funds:

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

Wellness Grant Fund - This fund accounts for receipts and expenditures made in conjunction with community based programs of prevention services to reduce the rate of births to teens and to develop programs for child abuse and neglect prevention.

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (continued)

Healthy Community Program Fund - This fund accounts for monies used to provide youth development activities, drug and violence prevention programs, technology education programs, art, music and recreation programs, counseling and character education to enhance the academic component of the program.

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

Help Me Grow Program 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.

Other governmental funds of the Council are used to account for grants and other resources.

D. Basis of Presentation and Measurement Focus

Government-wide Statement of Activities - Cash Basis - This statement displays information about the Council as a whole. The government-wide statement of activities - cash basis compares disbursements with program receipts for each function or program of the Council's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. 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 receipts of the Council. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the general receipts of the Council.

Fund Financial Statements - Fund financial statements report detailed information about the Council. 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.

E. Budgetary Process

The Ohio Revised Code requires the Council to file an annual budget with its administrative and fiscal agent, with copies filed with the County Auditor and with the Board of County Commissioners, unless the Board is serving as the Council's administrative agent. The Council's administrative agent is to ensure that all expenditures.

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

are handled in accordance with policies, procedures, and activities prescribed by state departments in rules or interagency agreements that are applicable to the Council's functions. The Council is not required to follow section 5705 of the Ohio Revised Code; however, budgetary statements that are provided to the administrative and fiscal agent and are shown in Note 6 to these financial statements.

F. 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 acts as the administrative and fiscal agent. The Council's funds are maintained in separate funds with the fiscal agent.

G. Capital Assets

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

H. Net Assets

Net assets are reported as restricted when enabling legislation or creditors, grantors, or laws or regulations of other governments have imposed limitations on its use.

The Council first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principal

For the year ended December 31, 2005, the Council revised its financial presentation comparable to the requirements of GASB Statement No. 34, "*Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*".

B. Compliance

Cash balances at December 31, 2005 included the following individual cash deficits:

<u>Major Funds</u>	<u>Deficit</u>
Wellness Grant Fund	\$6,172
Help Me Grow Grand Fund	4,958
<u>Nonmajor Funds</u>	
Lab Grant Fund	698
Kinship Navigator Grant Fund	1,513
HB 66 Wrap-Around Services Grant Fund	20,221

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

3. ACCOUNTABILITY AND COMPLIANCE (continued)

B. Compliance (continued)

Cash Balances at December 31, 2006, included the follow individual cash deficits:

<u>Major Funds</u>	<u>Deficit</u>
Wellness Grant Fund	\$11,907
HB 66 Wrap-Around Services Grant Fund	11,483
Help Me Grow Grant Fund	10,803
<u>Nonmajor Funds</u>	
Lab Grant Fund	1,988
Kinship Navigator Grant Fund	2,884
123 Magic Parenting Fund	917
Tobacco Use Prevention Fund	12,468

The grants fund listed above did not comply with Ohio state law, which does not permit cash basis deficits at year-end. The cash deficits were due to the timing of cash flows in these grant funds. The General Fund is liable for any deficits in these funds and funds were available in the General Fund to cover these deficits.

4. EQUITY IN POOLED CASH

The Mid-Ohio Educational Service Center maintains a depository which includes the funds of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the fiscal agent at December 31, 2006 and 2005 was \$73,654 and \$46,954, respectively. The fiscal agent for the Council is responsible for maintaining adequate depository collateral for all funds in the Mid-Ohio Educational Service Center's investment accounts.

5. SCHOOL EMPLOYEES RETIREMENT SYSTEM

A. Defined Benefit Pension Plan

The Council contributed to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under forms and Publications.

Plan members are required to contribute 10% of their annual covered salary and the Council is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the Council's contribution is used to fund pension obligations with the remainder being used to fund healthcare benefits. For fiscal years

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

5. SCHOOL EMPLOYEES RETIREMENT SYSTEM (continued)

A. Defined Benefit Pension Plan (continued)

2006 and 2005, 10.58% and 10.57%, respectively, of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The Council has paid all contributions through December 31, 2006 and 2005.

B. Postemployment Benefits

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for healthcare. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing healthcare benefits. For the fiscal year ended June 30, 2006, employer contributions to fund healthcare benefits were 3.42% of covered payroll, a decrease of 0.01% from fiscal year 2005. In addition, SERS levies a surcharge to fund healthcare benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2% of each employer's SERS salaries.

The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the healthcare fund. The target level for the healthcare reserve is 150% of annual healthcare expenses. Net healthcare costs for the fiscal year ended June 30, 2006 (the latest information available) were \$158,751,207. At June 2006 (the latest information available) SERS had net assets available for payment of healthcare costs. On the basis of actuarial projections, the allocated contributed will be insufficient in the long term, to provide for a healthcare reserve equal to at least 150% of estimated annual net claim costs. SERS has 59,492 participants currently receiving healthcare benefits.

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

6. BUDGETARY

The Council is not required to follow Ohio Revised Code for budgetary purposes; however, the Council is required to submit annual appropriations and estimated revenues to the administrative and fiscal agent. The Council prepares the annual budget using the fiscal year of the administrative and fiscal agent which is July 1 through June 30. This fiscal year is different than the fiscal year used by the Council. The budgetary statements below reflect the annual budget submitted to the administrative and fiscal agent for the period July 1, 2005 through June 30, 2006:

<u>GENERAL FUND:</u>	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Budgetary Basis Receipts	\$690	\$87,501	\$86,801	(\$700)
Budgetary Basis Disbursements	146,112	129,192	63,543	65,649
 <u>WELLNESS GRANT FUND:</u>	 <u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Budgetary Basis Receipts	\$19,401	\$97,401	\$57,537	(\$39,864)
Budgetary Basis Disbursements	66,000	78,000	77,982	18
 <u>HEALTHY COMMUNITY FUND:</u>	 <u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Budgetary Basis Receipts	\$33,766	\$33,766	\$33,766	
Budgetary Basis Disbursements	20,211	37,976	17,713	\$20,263
 <u>HOUSE BILL 66 WRAP-AROUND SERVICES FUND:</u>	 <u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Budgetary Basis Receipts		\$83,841	\$50,728	(\$33,113)
Budgetary Basis Disbursements		83,841	64,260	19,581
 <u>HELP ME GROW GRANT FUND:</u>	 <u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Budgetary Basis Receipts	\$253,907	\$286,962	\$256,516	(\$30,446)
Budgetary Basis Disbursements	286,831	286,963	283,381	3,582

The budgetary statements below reflect the annual budget submitted to the administrative and fiscal agent for the period July 1, 2004 through June 30, 2005:

<u>GENERAL FUND</u>	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Budgetary Basis Receipts	\$9,836	\$83,939	\$70,095	(\$13,844)
Budgetary Basis Disbursements	124,726	143,094	87,558	55,536

CRAWFORD COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CRAWFORD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

6. BUDGETARY (continued)

<u>WELLNESS GRANT FUND</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Basis Receipts		\$87,401	\$46,791	(\$40,610)
Budgetary Basis Disbursements	\$40,000	68,000	46,791	21,209

<u>TOBACCO USE AND PREVENTION FUND</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Basis Receipts		\$20,000	\$20,000	
Budgetary Basis Disbursements	\$19,185	20,000	19,968	\$32

<u>HEALTHY COMMUNITY FUND</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Basis Receipts	\$673	\$673	\$673	
Budgetary Basis Disbursements	17,489	34,182	8,775	\$25,407

<u>BUCYRUS AREA COMMUNITY FOUNDATION FUND</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Basis Receipts		\$1,482	\$8,400	\$6,918
Budgetary Basis Disbursements	5,500	6,982	6,982	

<u>HELP ME GROW GRANT FUND</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Basis Receipts	\$70,707	\$286,882	\$239,092	(\$47,790)
Budgetary Basis Disbursements	258,257	600,640	481,101	119,539

7. RISK MANAGEMENT

The Council has obtained commercial insurance for comprehensive property and general liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in insurance from prior years.

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KNOX & KNOX

Accountants and Consultants

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

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

To the Members of Council:

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Crawford County Family and Children First Council, Crawford County, Ohio (the Council), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated September 11, 2007 wherein we noted the Council uses a comprehensive basis of accounting other 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 basis for designing our audit procedures in order to express 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. We reported other matters to the Council in a separate letter dated September 11, 2007.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Council's basic 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 that we must report under *Government Auditing Standards*. We reported other matters to the Council in a separate letter dated September 11, 2007.

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

KNOX & KNOX

Orrville, Ohio
September 11, 2007



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
NOVEMBER 29, 2007**