



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
PERRY 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
Independent Accountants' Report on Internal Control Over Financial Reporting and Other Matter Required By <i>Government Auditing Standards</i>	11

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Family and Children First Council
Perry County
499 North State Street
New Lexington, Ohio 43764

To the Members of the Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 2, 2007

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Perry County
499 North State Street
New Lexington, Ohio 43764

To the Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Perry 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 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since this Council does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Family and Children First Council
Perry County
Independent Accountant's Report
Page 2

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

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

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 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.



Mary Taylor, CPA
Auditor of State

May 2, 2007

**FAMILY AND CHILDREN FIRST COUNCIL
PERRY 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	\$ 93,552	\$ 346,735	\$ 440,287
Rent Income		18,000	18,000
Other Revenue		5,950	5,950
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	<u>93,552</u>	<u>370,685</u>	<u>464,237</u>
Cash Disbursements:			
FAST	29,484		29,484
Childrens Trust Fund	22,496		22,496
Access to Better Care	23,908		23,908
RHISCO	8,628		8,628
Supplies		3,186	3,186
Equipment		9,225	9,225
Internet		2,483	2,483
Contracted Services	19,500	324,879	344,379
Outreach Expense		2,527	2,527
Building Expense		15,716	15,716
Administrative Fees		26,404	26,404
Other Expenses	614	12,065	12,679
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	<u>104,630</u>	<u>396,485</u>	<u>501,115</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(11,078)</u>	<u>(25,800)</u>	<u>(36,878)</u>
Fund Cash Balances, January 1	<u>43,162</u>	<u>251,589</u>	<u>294,751</u>
Fund Cash Balances, December 31	<u>\$ 32,084</u>	<u>\$ 225,789</u>	<u>\$ 257,873</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
PERRY 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	\$ 70,702	\$ 413,907	\$ 484,609
Rent Income		6,000	6,000
Other Revenue	5,213	900	6,113
	<u>75,915</u>	<u>420,807</u>	<u>496,722</u>
Total Cash Receipts			
	<u>75,915</u>	<u>420,807</u>	<u>496,722</u>
Cash Disbursements:			
FAST	24,116		24,116
Wellness Grant	14,852		14,852
Childrens Trust Fund	7,838		7,838
Supplies		3,192	3,192
Equipment		1,045	1,045
Contracted Services	18,932	322,023	340,955
Outreach Expense		4,355	4,355
Rental Expense		13,560	13,560
Building Expense		56,692	56,692
Administrative Fees		30,172	30,172
Other Expenses	610	22,280	22,890
	<u>66,348</u>	<u>453,319</u>	<u>519,667</u>
Total Cash Disbursements			
	<u>66,348</u>	<u>453,319</u>	<u>519,667</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>9,567</u>	<u>(32,512)</u>	<u>(22,945)</u>
Fund Cash Balances, January 1	<u>33,595</u>	<u>284,101</u>	<u>317,696</u>
Fund Cash Balances, December 31	<u>\$ 43,162</u>	<u>\$ 251,589</u>	<u>\$ 294,751</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
PERRY 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 required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any 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 its County Council. Each County Council must include the following individuals:

1. At least three individuals who are not employed by an agency represented on the council whose families are or have received services from an agency which is represented on the Council or another County's Council. Where possible, the number of members representing families shall be equal to twenty per cent of the Council's membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH) that serves the County, or, in the case of a County that has an ADAMH Board and a Community Mental Health Board, the Directors of both Boards. If the ADAMH Board covers more than one County, the Director may designate a person to participate on the County's Council;
3. 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 more than two health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the County agency responsible for the administration of children's services pursuant to Ohio Rev. Code Section 5153.15;
6. The Superintendent of the County Board of Mental Retardation and Developmental Disabilities;
7. 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;
8. The Superintendent of the city, exempted village, or local school district with the largest numbers of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each Board of County Commissioners of its determination at least biennially;
9. 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;
10. A representative of the municipal corporation with the largest population in the County;
11. The President of the Board of County Commissioners, or an individual designated by the Board;
12. A representative from the regional office of the Ohio Department of Youth Services;

**FAMILY AND CHILDREN FIRST COUNCIL
PERRY 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)

13. A representative of the County's Head Start Agencies, as defined in Ohio Rev. Code Section 3301.31;
14. 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 of 1986"; and
15. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Council's statutory responsibilities include the following:

1. Refer to the Cabinet Council those children for whom the Council cannot provide adequate services;
2. 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;
3. 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 "Education of the Handicapped Act Amendments of 1986";
4. Maintain an accountability system to monitor the Council's progress in achieving results for families and children; and
5. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Basis of Accounting

The financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. The statements include adequate disclosure of material matters the Auditor of State prescribes or permits.

**FAMILY AND CHILDREN FIRST COUNCIL
PERRY 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:

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.

Special Revenue Funds

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

Help Me Grow Fund - 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. Fiscal and Administrative Agent

The Perry County Board of Mental Retardation and Development Disabilities is the designated administrative and fiscal agent for the Council. The Council's funds are maintained by the County in separate funds.

E. Budgetary

The Council is required by Ohio Revised Code Section 121.37(B)(4) to file an annual budget with its administrative agent. The Council estimates revenues and expenditures for the year and submits these estimates to the Perry County Board of Mental Retardation and Development Disabilities. The Council and the Board approve any changes made to these estimates during the year. In 2005 and 2006, the Council filed the required budgets with their administrative agent.

**FAMILY AND CHILDREN FIRST COUNCIL
PERRY COUNTY**

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

2. EQUITY IN POOLED CASH

Perry County serves as the fiscal agent for the Perry County Board of Mental Retardation and Development Disabilities, the Council's fiscal agent. Perry County maintains a cash pool for all funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes the County's allowable deposits and investments. As of December 31, 2006 and 2005, the Council's share of the County cash pool was as follows:

	<u>2006</u>	<u>2005</u>
Demand Deposits	\$257,783	\$294,751

All risks associated with such deposits are the responsibility of Perry County.

3. RETIREMENT SYSTEM

Perry County Board of Mental Retardation and Development Disabilities employees perform certain services for the Council and are paid with Help Me Grow Funds. These employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing multiple-employer plan. This plan provides retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed the Ohio Revised Code.

Contribution rates are also prescribed by Ohio Revised Code. For 2006, PERS members contributed 9.0% of their gross salaries. The Council contributed an amount equal to 13.70% of participants' gross salaries. For 2005, PERS members contributed 8.50% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries. The Council has paid all contributions required through December 31, 2006.

4. RISK MANAGEMENT

The Council is insured through the Perry County Commissioners for the following risks:

- Comprehensive property and general liability;
- Valuable papers and records; and
- Errors and omissions.

5. CONTINGENT LIABILITIES

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



Mary Taylor, CPA

Auditor of State

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

Family and Children First Council
Perry County
499 North State Street
New Lexington, Ohio 43764

To the Members of the Council:

We have audited the financial statements of the Family and Children First Council, Perry County, Ohio (the Council), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 2, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Council's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Council's internal control will not prevent or detect a material financial statement misstatement.

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

We noted a certain matter that we reported to the Council's management in a separate letter dated May 2, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance matter that we reported to the Council's management in a separate letter dated May 2, 2007.

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

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

Mary Taylor, CPA
Auditor of State

May 2, 2007



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 31, 2007**