



Mary Taylor, CPA
Auditor of State

**FAMILY & CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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Mary Taylor, CPA

Auditor of State

Family and Children First Council
Miami County
510 West Water Street, Suite 220
Troy, Ohio 45373

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 a February 2, 2005 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 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

July 17, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Miami County
510 West Water Street, Suite 220
Troy, Ohio 45373

To the Council

We have audited the accompanying financial statements of the Family and Children First Council, Miami County, (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.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since this Council does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended 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 year 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, Miami 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 July 17, 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

July 17, 2007

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI 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 Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$25,681	\$203,823	\$229,504
Membership Fees	3,700		3,700
Administrative Fees	55,097	162,332	217,429
Total Cash Receipts	<u>84,478</u>	<u>366,155</u>	<u>450,633</u>
Cash Disbursements:			
Salaries - Employees	43,968	155,966	199,934
Supplies	474	4,638	5,112
Equipment		3,625	3,625
Contracts - Services	5,936	66,508	72,444
Advertising and Printing	1,303	604	1,907
Travel	655	11,118	11,773
Public Employees Retirement	6,039	291	6,330
Worker's Compensation	284	20,794	21,078
Unemployment Compensation	1,331	936	2,267
Life and Health Insurance Benefits	3,857	43,751	47,608
Other	1,415	5,228	6,643
Total Cash Disbursements	<u>65,262</u>	<u>313,459</u>	<u>378,721</u>
Total Receipts Over/(Under) Disbursements	<u>19,216</u>	<u>52,696</u>	<u>71,912</u>
Other Financing Receipts:			
Miscellaneous	538	1,000	1,538
Refund of Prior Year Expenditures	1,537		1,537
Total Other Financing Receipts	<u>2,075</u>	<u>1,000</u>	<u>3,075</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	21,291	53,696	74,987
Fund Cash Balances, January 1	<u>57,762</u>	<u>83,833</u>	<u>141,595</u>
Fund Cash Balances, December 31	<u>\$79,053</u>	<u>\$137,529</u>	<u>\$216,582</u>
Reserves for Encumbrances, December 31	<u>\$1,514</u>	<u>\$6,554</u>	<u>\$8,068</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI 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 Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$40,999	\$142,631	\$183,630
Membership Fees	9,699		9,699
Administrative Fees	67,008	173,146	240,154
Total Cash Receipts	<u>117,706</u>	<u>315,777</u>	<u>433,483</u>
Cash Disbursements:			
Salaries - Employees	54,456	130,724	185,180
Supplies	321	6,433	6,754
Equipment		135	135
Contracts - Services	18,634	67,459	86,093
Advertising and Printing	1,184	4,812	5,996
Travel	1,155	282	1,437
Public Employees Retirement	7,404	17,366	24,770
Worker's Compensation	133	409	542
Unemployment Compensation	1,252		1,252
Life and Health Insurance Benefits	4,524	32,812	37,336
Other	1,052	3,214	4,266
Total Cash Disbursements	<u>90,115</u>	<u>263,646</u>	<u>353,761</u>
Total Receipts Over/(Under) Disbursements	<u>27,591</u>	<u>52,131</u>	<u>79,722</u>
Other Financing Receipts:			
Miscellaneous		1,100	1,100
Total Other Financing Receipts		<u>1,100</u>	<u>1,100</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	27,591	53,231	80,822
Fund Cash Balances, January 1	<u>30,171</u>	<u>30,602</u>	<u>60,773</u>
Fund Cash Balances, December 31	<u>\$57,762</u>	<u>\$83,833</u>	<u>\$141,595</u>
Reserves for Encumbrances, December 31	<u>\$345</u>	<u>\$7,273</u>	<u>\$7,618</u>

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

**FAMILY & CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Revised Code Section 121.37 created the Ohio Family and Children First Council and permitted counties to establish county family and children first councils. Statutory membership of a county council consists of the following individuals:

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or in the case of the 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 designee;
- 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 services pursuant to section 5153.15 of the Ohio Revised Code;
- e. The superintendent of the county board of mental retardation and development disabilities;
- f. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- g. 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;
- h. A representative of the largest city in the county;
- i. The chair of the board of county commissioners, or an individual designated by the board;
- j. A representative of the regional office of the department of youth services;
- k. A representative of the county's head start agencies, as defined in section 3301.11 of the Ohio Revised Code;
- l. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individual with Disabilities Education Act of 2004";
- m. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

**FAMILY & CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or 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 "Education of the Handicapped Act Amendments 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 board representation of families who are receiving services within the county system.

1. Council

The Council was officially recognized as being established by the Governor on June 19, 1995.

2. Executive Committee

The Executive Committee members serve for three years, and are made up of the following:

- a. Mary Burns, Council on Rural Service Programs
- b. June Cannon, Miami County Childrens Services Board
- c. James Luken, Miami County Health District
- d. Sonia Ewald, Child Care Choices
- e. Karen Mayer, Riverside of Miami County
- f. Regina Kraus, Behavioral Health Services
- g. John O'Brien, Miami County
- h. Tom Dunn, Troy City Schools
- i. Carol Morgan, Miami County Jobe and Family Services
- j. Mary Hollencamp Ramey, Tri-County Board of Recovery and Mental Health Services
- k. Amy Welker, City of Piqua Health & Sanitation

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

**FAMILY & CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the Council's cash. The Council's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. 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 restricted by law or contract.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Funds:

The Council maintains a separate special revenue fund for each program which is awarded to the Council that is either entirely or partially funded from federal sources. During 2006 and 2005, the following grants were awarded to the Council: Family Stability Incentive Grant, Help Me Grow Grant, Coordinator's Grant, and Ohio Children's Trust Fund Grant which was administered by Children Services in previous years.

E. Property, Plant, and Equipment

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

F. 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 & CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Miami County Treasurer maintains a cash pool used by all of the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the Miami County Treasurer at December 31, 2006 and 2005 were \$216,582 and \$141,595 respectively. The Miami County Commissioners, as the fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

3. RETIREMENT SYSTEMS

The Council belongs to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Council contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Council has paid all contributions required through December 31, 2006.



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
Miami County
510 West Water Street, Suite 220
Troy, Ohio 45373

To the Council:

We have audited the financial statements of the Family and Children First Council, Miami County, (the Council) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated July 17, 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 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.

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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting, noted as 2006-001.

**Internal Control Over Financial Reporting
(Continued)**

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, the significant deficiency described above is also material weaknesses.

We noted a matter that we reported to the Council's management in a separate letter dated July 17, 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 noncompliance matter that we reported to the Council's management in a separate letter dated July 17, 2007.

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



Mary Taylor, CPA
Auditor of State

July 17, 2007

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Annual Report Presentation

The Council's 2006 and 2005 annual reports, as prepared by their fiscal agent, the Miami County Auditor's Office, required several reclassification and adjustments to revenue and expenditures. There were material instances in which monies were posted to the incorrect line item and inconsistencies of coding from year to year. The accompanying financial statements have been corrected to reflect the proper revenue, expenditures, and fund balances. The posting of revenues and expenditures during the year and the preparation of the annual reports should be carried out with due care for proper presentation.

Officials Responses:

We did not receive a response from Officials to this finding.

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
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; <i>Explain</i>
2004-001	Accuracy of annual report preparation.	No	Repeated as finding 2006-001



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

MIAMI 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
AUGUST 28, 2007**