



**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SUMMIT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006



Mary Taylor, CPA
Auditor of State

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SUMMIT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	11
Statement of Revenues, Expenditures and Changes in Fund Balance	
Governmental Funds.....	13
Statement of Revenues, Expenditures and Changes in Fund Balance	
Budget (Non-GAAP Basis) and Actual	
General Fund	15
Early Start GRF Fund.....	16
Early Start TANF Fund.....	17
Early Intervention Fund	18
Cluster Fund.....	19
Notes to the Basic Financial Statements	21
Federal Awards Receipts and Expenditures Schedule.....	35
Notes to the Federal Awards Receipts and Expenditures Schedule	36
Independent Accountants' Report on Internal Control Over	
Financial Reporting and on Compliance and Other Matters	
Required by <i>Government Auditing Standards</i>	37
Independent Accountants' Report on Compliance with Requirements	
Applicable to Its Major Federal Program and on Internal Control Over	
Compliance in Accordance with OMB Circular A-133	39
Schedule of Findings.....	41

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Summit County Family and Children First Council
Summit County
1100 Graham Road Circle
Stow, Ohio 44224

To the Executive Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Summit County Family and Children First Council, Summit County, Ohio, (the Council) as of and for the year ended December 31, 2006, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Summit County Family and Children First Council, Summit County, Ohio, as of December 31, 2006, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Early Start GRF, Early Start TANF, Early Intervention, and Cluster funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 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 accounting principles generally accepted in the United States of America 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.

We conducted our audit to opine on the financial statements that collectively comprise the Council's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

July 27, 2007

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2006 UNAUDITED

Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the Summit County Family and Children First Council's financial activities for the fiscal year ended December 31, 2006. The MD&A should be read in conjunction with the Council's financial statements, which begin on page 9 and the accompanying notes to financial statements, which begin on page 21.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2006 are as follows:

- The assets of the Summit County Family and Children First Council exceeded its liabilities at the close of the year ended December 31, 2006, by \$438,895 (net assets). This entire amount may be used to meet the Council's ongoing obligations.
- The Council's net assets decreased by \$18,887 from 2005.
- For governmental activities, general revenue accounted for \$20,075 in revenues or 1% of all revenues. Program specific revenues in the form of grants and contributions accounted for \$3,914,945 or 99 % of total revenues of \$3,935,020.
- The Council had \$3,953,907 in expenses related to program (governmental) activities; only 3,914,945 of these expenses were offset by program specific grants and contributions. General revenues totaling \$20,075 and net assets on hand at the beginning of the year totaling \$457,782 were adequate to provide for these programs.
- Expenditures exceeded revenues in two of the Council's five major funds. Revenues exceeded expenditures in the Early Start General Revenue, Early Start TANF and Early Intervention funds.
- All of the Council's major and non-major funds, with the exception of Cluster fund, operate on a July-June fiscal year; however, financial statements are reported on a calendar year end to coincide with the fiscal agent's year end.
- At December 31, 2006, unreserved fund balance of the General Fund was \$27,851.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Council as a whole and present a longer-term view of the Council's finances. Fund Financial statements start on page 12. These statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Council's operation in more detail than the government-wide statements by providing information about the Council's most significant funds with all other non-major funds presented in one column.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2006 UNAUDITED

REPORTING ON THE COUNCIL AS A WHOLE

The analysis of the Council as a whole begins on page 9. One of the most important questions asked about the Council's finances is, "How did we do financially this year?" The Statement of Net Assets and the Statement of Activities report information about the Council as a whole and about its activities in a way that helps answer this question. These statements include all assets and all liabilities using the accrual method of accounting similar to the accounting used by most private sector companies. This method of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Council's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Council as a whole, the financial position has improved or diminished. The causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the discrepancy between fiscal years, delays in contract approval and other factors.

All of the Council's activities are classified as governmental activities as they do not involve charging for goods or services to recover costs (such as with business type activities) and are funded completely through intergovernmental revenues, including state and federal grants and other shared revenue.

The Statement of Net Assets and Statement of Activities can be found on pages 9 and 10 of this report.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial reports provide detailed information about the Council's major funds. The Council uses many funds to account for a multitude of transactions. However, these fund financial statements focus on the Council's most significant funds, not on the Council as a whole. The Council's major funds are: the General Fund; Early Start GRF Fund; Early Start Temporary Assistance for Needy Families Fund; Early Intervention Fund; and the Cluster Fund.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on events that produce near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. This information is useful in evaluating near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near term financing decisions. Reconciliation statements, on pages 13 and 15, facilitate this comparison between governmental funds and governmental activities.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

The Council maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 12-20 of this report.

The Council adopts an annual appropriated budget for each of its funds. Budgetary comparison statements have been provided for annually budgeted major funds.

Notes to Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to financial statements begin on page 21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Council's financial position. The table below provides a summary of the Council's net assets for 2006 compared to 2005 on a full accrual basis:

Table 1

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Current and Other Assets	<u>\$1,401,214</u>	<u>\$ 1,144,821</u>
Total Assets	<u>1,401,214</u>	<u>1,144,821</u>
Liabilities		
Long-Term Liabilities	33,920	30,773
Other Liabilities	<u>928,399</u>	<u>656,266</u>
Total Liabilities	<u>962,319</u>	<u>687,039</u>
Net Assets		
Restricted for:		
Grant Purposes	411,044	421,556
Unrestricted	<u>27,851</u>	<u>36,226</u>
Total Net Assets	<u>\$ 438,895</u>	<u>\$ 457,782</u>

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

Table 2 reflects the changes in net assets in 2006.

Table 2

Changes in Net Assets

	Governmental Activities 2006	Governmental Activities 2005
Revenues:		
Program Revenues		
Operating Grants and Contributions	\$ 3,914,945	\$ 4,123,835
General Revenues		
Administrative/Intergovernmental	20,075	26,148
Total Revenues	<u>3,935,020</u>	<u>4,149,983</u>
Program Expenses:		
Public Health Services	<u>3,953,907</u>	<u>3,735,811</u>
Total Expenses	<u>3,953,907</u>	<u>3,735,811</u>
Increase / Decrease in Net Assets	(18,887)	414,172
Net Assets January 1, 2006	457,782	43,610
Net Assets December 31, 2006	<u>\$ 438,895</u>	<u>\$ 457,782</u>

The Council's assets exceeded liabilities by \$438,895 at the close of the most recent year. Despite this, the Council's financial position deteriorated slightly with an overall decrease in net assets of \$18,887 from the previous year. This decrease can be explained in part by the discrepancy in fiscal years between the Council and its administrative agent. The state and federal grants operated by the Council are on a fiscal year that commences July 1 and ends June 30, while the Council's financial statements reflect a December 31 year end.

GOVERNMENTAL ACTIVITIES

As stated previously, the Council had \$3,953,907 in expenses related to program activities. Of these expenses, only \$3,914,945 were offset by program specific grants and contributions. General revenues (provided through a state administrative grant) totaling \$20,075 and net assets on hand at the beginning of the year totaling \$457,782 were adequate to cover expenses. However, the result was an overall decrease in net assets of \$18,887 from 2005.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2006 UNAUDITED

FINANCIAL ANALYSIS OF THE FUNDS

As discussed previously, the Council uses fund accounting to ensure and demonstrate compliance with finance related and legal requirements.

As of December 31, 2006, the Council's governmental funds reported combined ending balances of \$228,489; a decrease of \$83,283 in comparison with the prior year. This total amount constitutes unreserved fund balance, which is available for appropriation at the Council's discretion with certain legal constraints and purpose restrictions.

The General Fund is the chief operating fund of the Council. The fund balance of the General Fund decreased \$9,805 during 2006 to \$27,851. This decrease is due primarily to the increased use of General Fund revenue to offset revenue shortfalls in other areas.

The Early Start GRF Fund balance increased by \$10,612 related to an increased number of children meeting eligibility requirements under other grants.

The Early Start Temporary Assistance to Needy Families (TANF) Fund balance increased by \$70,611. This increase can be attributed to improved timing of reimbursement.

The Early Intervention Fund balance increased by \$13,361 due largely to improvements in the processing of grant payments at the State level.

The Cluster Fund balance decreased by \$25,032. This decrease is attributable to delays in contract payments and a slight increase in caseload as fewer children are eligible for services under other programs.

GENERAL BUDGETARY HIGHLIGHTS

The Council's budget process is prescribed by Ohio Revised Code. Essentially the budget is the sum of the Council's appropriations which are based on available resources. Typically, revenue estimates change throughout the year as additional sources of revenue may become available. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly. Uncertain timing of reimbursements also accounts for changes between original and final budget amounts for the Council's funds. As mentioned previously, the Council is funded mainly through state and federal grants, including a State administrative grant which constitutes the Council's General Fund. Although, total grant amounts for various programs are known, the timing of reimbursement is often unknown. This fact coupled with the difficulties presented in managing funds which operate on different fiscal years makes calendar year revenue estimates prone to inaccuracies.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2006 UNAUDITED

CAPITAL ASSETS AND LONG TERM OBLIGATIONS

Capital Assets: The Council does not have capital or infrastructure assets. Those capital and infrastructure assets utilized by the Council are considered property of the Summit County Health District (Council's Administrative Agent), the State of Ohio or other grantor.

Long Term Obligations: The Council's long-term obligations consist solely of compensated absences. Long term obligations increased slightly during 2006 due to increases in employee compensation rates and the addition of two staff persons. Additional information on compensated absences is provided in *Note 9* of the *Notes to Financial Statements*.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The state and federal grants managed by the Council are subject to budget cuts and annual fluctuation.

Increases in the employer share of employee retirement system contributions, health care and travel costs are anticipated.

All of these factors are considered when preparing the Council's annual budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Council's finances for all those with interest in its finances and to show the Council's accountability for the money that it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Summit County Health District Fiscal Office, 1100 Graham Road Circle, Stow, Ohio 44224.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
STATEMENT OF NET ASSETS
DECEMBER 31, 2006**

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash, Cash Equivalents	\$ 182,528
Intergovernmental Receivable	1,218,686
Total Assets	1,401,214
<u>Liabilities</u>	
Accounts Payable	339,912
Accrued Wages and Benefits	9,261
Fiscal Agent Payable	568,888
Intergovernmental Payable	6,149
Current Portion Compensated Absences Payable	4,189
Long-term Liabilities:	
Due Within One Year	21,531
Due In More Than One Year	12,389
Total Liabilities	962,319
<u>Net Assets</u>	
Restricted for:	
Grant purposes	411,044
Unrestricted	27,851
Total Net Assets	\$ 438,895

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Governmental Activities:</u>		
General Government:		
Public Health Services	\$ 3,953,907	\$ (38,962)
	<u>\$ 3,914,945</u>	
 <u>General Revenues</u>		
Administrative / Intergovernmental		<u>20,075</u>
Total General Revenues		<u>20,075</u>
Change in Net Assets		(18,887)
Net Assets Beginning of Year		<u>457,782</u>
Net Assets End of Year		<u>\$ 438,895</u>

See notes to basic financial statements.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	General Fund	Early Start GRF	Early Start TANF	Early Intervention	Cluster Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>							
Equity in Pooled Cash, Cash Equivalents	\$ 33,784	\$ 57,394	\$ -	\$ -	\$ 74,781	\$ 16,569	\$ 182,528
Intergovernmental Receivable	-	177,283	689,076	228,575	28,073	95,679	1,218,686
Total Assets	\$ 33,784	\$ 234,677	\$ 689,076	\$ 228,575	\$ 102,854	\$ 112,248	\$ 1,401,214
<u>Liabilities and Fund Balances</u>							
<u>Liabilities:</u>							
Accounts Payable	\$ 819	\$ 26,494	\$ 135,543	\$ 44,561	\$ 46,810	\$ 85,685	\$ 339,912
Accrued Wages and Benefits	433	508	4,195	210	1,793	2,122	9,261
Current Portion Compensated Absences Payable	4,189	-	-	-	-	-	4,189
Fiscal Agent Payable	-	-	473,368	1,818	-	93,702	568,888
Intergovernmental Payable	492	144	2,847	240	1,261	1,165	6,149
Deferred Revenue	-	88,641	-	105,482	17,196	33,007	244,326
Total Liabilities	5,933	115,787	615,953	152,311	67,060	215,681	1,172,725
<u>Fund Balances</u>							
Unreserved:							
General	27,851	-	-	-	-	-	27,851
Special Revenue	-	118,890	73,123	76,264	35,794	(103,433)	200,638
Total Fund Balances	27,851	118,890	73,123	76,264	35,794	(103,433)	228,489
Total Liabilities and Fund Balances	\$ 33,784	\$ 234,677	\$ 689,076	\$ 228,575	\$ 102,854	\$ 112,248	\$ 1,401,214

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2006**

Total Governmental Fund Balances	\$	228,489
 Amounts reported for governmental activities in the statement of net assets are different because:		
 Long-term assets are not available to pay for current-period expenditures and are therefore deferred in the funds:		
Cluster Reimbursements		17,196
Grants Payments		227,130
		244,326
 Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated Absences- Due in One Year		(21,531)
Compensated Absences- Due in More Than One Year		(12,389)
		(33,920)
 Net Assets of Governmental Activities	 \$	 438,895

See notes to basic financial statements.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund	Early Start GRF	Early Start TANF	Early Intervention	Cluster Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>							
Intergovernmental	\$ 20,000	\$ 355,657	\$ 2,043,607	\$ 490,421	\$ 553,570	\$ 402,155	\$ 3,865,410
Miscellaneous Receipts	75	-	-	-	-	-	75
Total Revenues	20,075	355,657	2,043,607	490,421	553,570	402,155	3,865,485
<u>Expenditures</u>							
Public health services	29,880	345,045	1,972,996	477,060	576,608	547,179	3,948,768
Excess of Revenues Over Expenditures	(9,805)	10,612	70,611	13,361	(23,038)	(145,024)	(83,283)
<u>Other Financing Sources (Uses)</u>							
Transfers In	-	-	-	-	-	1,994	1,994
Transfers Out	-	-	-	-	(1,994)	-	(1,994)
Total Other Financing Sources (Uses)	-	-	-	-	(1,994)	1,994	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(9,805)	10,612	70,611	13,361	(25,032)	(143,030)	(83,283)
Fund Balance Beginning of Year	37,656	108,278	2,512	62,903	60,826	39,597	311,772
Fund Balance End of Year	\$ 27,851	\$ 118,890	\$ 73,123	\$ 76,264	\$ 35,794	\$ (103,433)	\$ 228,489

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

Net Change in Fund Balance - Total Governmental Funds	\$	(83,283)
 Amounts reported for governmental activities in the statement of activities are different because:		
 Revenues in the statement of activities that do not provide for current financial resources are not reported as revenues in the funds:		
Cluster Reimbursements		-
Grant Payments		67,544
		67,544
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences-Due In One Year		(2,659)
Compensated Absences- Due In More Than One Year		(489)
		(3,148)
 Change in Net Assets of Governmental Activities	 \$	 (18,887)

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	-	\$ 20,001	\$ 20,001	-
Other	<u>1</u>	<u>74</u>	<u>74</u>	<u>-</u>
Total Revenues	1	20,075	20,075	-
Expenditures:				
Personnel	14,138	39,454	22,894	16,560
Supplies	1,000	2,117	232	1,885
Travel	1,339	1,442	682	760
Contract Services	12,116	3,506	1,477	2,029
Administrative Expense	-	-	-	-
Other	9,482	8,550	-	8,550
Equipment	<u>3,950</u>	<u>7,030</u>	<u>3,030</u>	<u>4,000</u>
Total Expenditures	42,025	62,099	28,315	33,784
Excess (Deficiency) of Revenues Over Expenditures	(42,024)	(42,024)	(8,240)	33,784
Fund Balances at Beginning of Year	<u>42,024</u>	<u>42,024</u>	<u>42,024</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,784</u>	<u>\$ 33,784</u>

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
EARLY START GRF
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 179,466	\$ 374,741	\$ 356,748	(17,993)
Total Revenues	179,466	374,741	356,748	(17,993)
Expenditures:				
Personnel	11,573	13,470	13,394	76
Supplies	659	5,000	922	4,078
Travel	247	253	-	253
Contract Services	223,726	404,132	342,427	61,705
Administrative Expense	2,125	3,250	2,575	675
Other	1,500	9,000	400	8,600
Total Expenditures	239,830	435,105	359,718	75,387
Excess (Deficiency) of Revenues Over Expenditures	(60,364)	(60,364)	(2,970)	57,394
Fund Balances at Beginning of Year	60,364	60,364	60,364	-
Fund Balances at End of Year	\$ -	\$ -	\$ 57,394	\$ 57,394

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
EARLY START TANF
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 1,454,258	\$ 2,380,807	\$ 1,314,132	(1,066,675)
Total Revenues	1,454,258	2,380,807	1,314,132	(1,066,675)
Expenditures:				
Personnel	81,458	212,776	212,747	29
Supplies	5,742	14,358	8,257	6,101
Travel	2,272	7,977	5,908	2,069
Contract Services	1,124,104	1,857,247	1,504,620	352,627
Administrative Expense	8,250	16,918	12,050	4,868
Other	16,724	55,823	43,918	11,905
Total Expenditures	1,238,550	2,165,099	1,787,500	377,599
Excess (Deficiency) of Revenues Over Expenditures	215,708	215,708	(473,368)	(689,076)
Fund Balances at Beginning of Year	(215,708)	(215,708)	(215,708)	-
Fund Balances at End of Year	\$ -	\$ -	\$ (689,076)	\$ (689,076)

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
EARLY INTERVENTION
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 246,468	\$ 498,584	\$ 431,769	(66,815)
Total Revenues	246,468	498,584	431,769	(66,815)
Expenditures:				
Personnel	26,161	51,343	51,257	86
Supplies	1,036	1,628	209	1,419
Travel	191	490	234	256
Contract Services	262,275	482,752	428,414	54,338
Administrative Expense	2,125	4,000	2,875	1,125
Other	11,655	11,239	3,466	7,773
Equipment	-	4,107	4,107	-
Total Expenditures	303,443	555,559	490,562	64,997
Excess (Deficiency) of Revenues Over Expenditures	(56,975)	(56,975)	(58,793)	(1,818)
Fund Balances at Beginning of Year	56,975	56,975	56,975	-
Fund Balances at End of Year	\$ -	\$ -	\$ (1,818)	\$ (1,818)

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
CLUSTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 900,000	\$ 939,603	\$ 564,350	(375,253)
Total Revenues	900,000	939,603	564,350	(375,253)
Expenditures:				
Personnel	101,084	101,085	84,916	16,169
Supplies	2,000	2,000	430	1,570
Travel	4,170	5,670	4,056	1,614
Contract Services	896,926	925,028	517,551	407,477
Other	9,500	19,500	5,475	14,025
Total Expenditures	1,013,680	1,053,283	612,428	440,855
Excess (Deficiency) of Revenues Over Expenditures	(113,680)	(113,680)	(48,078)	65,602
Other Financing Sources (Uses)				
Transfers Out	-	-	(1,994)	(1,994)
Total other Financing Sources (Uses)	-	-	(1,994)	(1,994)
Fund Balances at Beginning of Year	126,551	126,551	126,551	-
Fund Balances at End of Year	\$ 12,871	\$ 12,871	\$ 76,479	\$ 63,608

See notes to basic financial statements.

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SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

1. DESCRIPTION OF REPORTING ENTITY

The 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 a county family and children executive 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 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 human services;
- d. The executive director of the county agency responsible for the administration of children services 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;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each 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 council, 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"; and
- n. At least three individuals representing the interests of the families of the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

In addition, 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's statutory responsibilities include the following:

- a. Refer to the State cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the State 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;

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006 (Continued)

1. DESCRIPTION OF REPORTING ENTITY (Continued)

- d. Participate in development of a county-wide, comprehensive, coordinated, multidisciplinary, 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 the 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; and
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Summit County Family and Children First Council (Council) also participates with a standing committee referred to as the Cluster for Youth (SCY). The Council cooperates with other state and local agencies for the common purpose to provide youth serving agencies in Summit County with the capacity to jointly resolve problems associated with the delivery of services to youth who exhibit more than one emotional, physical, or developmental difficulty and thus require the services of more than one system.

The SCY executive committee consists of the Chief Executive Officers of the funding agencies which are Summit County Children Services Board, Summit County Juvenile Court, County of Summit Board of MRDD, and Child Guidance and Family Solutions (private not-for-profit). Each member has one vote and a consensus is to be sought on all issues. The funding agencies retain responsibility of the cluster fund with oversight by the Family and Children First Executive Council.

On an annual basis, each of the four funding agencies signs an agreement with the Council to pay an amount to fund the Special Revenue Cluster Fund. In addition, each funding agency agrees to pay other costs as approved by the SCY Executive Council on a child-by-child basis. The child cost agreements are signed by the head of the respective agency and the Director of the Council.

A reporting entity is comprised of a primary government, component unit and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Council consists of funds that are not legally separate from the Council. For the Summit County Family and Children First Council, this includes the General Fund, Early Start GRF Fund, Early Start Temporary Assistance for Needy Families Fund, Early Intervention Fund, Cluster Fund and other non-major funds that are directly operated by the Council.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the component unit's board and 1) the Council is able to significantly influence programs or services performed or provided by the organization; or 2) the Council is legally entitled to or can otherwise access the organizations resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. The Council has no component units.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements of the Council have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

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

Government-Wide Financial Statements – The Statement of Net Assets and the Statement of Activities display information about the Council as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. The Council had no business-type activities during the year ended December 31, 2006.

The statement of net assets presents the financial condition of the governmental activities of the Council at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Council, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Council.

Fund Financial Statements – During the year, the Council segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at a more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Council's major funds for the year ended December 31, 2006 are: the General Fund, Early Start GRF Fund, Early Start Temporary Assistance for Needy Families (TANF) Fund, Early Intervention Fund, and the Cluster Fund.

B. FUND ACCOUNTING

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equity or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The Council uses the following fund types:

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUND ACCOUNTING (Continued)

Governmental Funds:

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the Council's Governmental Fund Types:

General Fund: This fund accounts for the general operating revenues and expenditures of the Council not specifically required to be recorded elsewhere. Revenue sources consist of a State administrative grant and other intergovernmental revenues.

Special Revenue Funds: These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council has the following major Special Revenue Funds:

Early Start GRF Fund – This fund receives grants monies to provide services to families and children.

Early Start Temporary Assistance for Needy Families (TANF) Fund – This fund receives grant monies to provide services to children ages 0-3 years old.

Early Intervention Fund – This fund receives federal grant money for the purpose of providing services to families with young children who have disabilities from birth to 3 years of age.

Cluster Fund – This fund receives local monies from members of the Cluster for the purpose of providing coordinated services and financial support in addressing the clinical needs of troubled youth.

C. MEASUREMENT FOCUS

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Council are included on the statement of net assets.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS (continued)

Fund Financial Statements

All government funds are accounted for using the flow of current resources measurement focus. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The availability period used for recognition of revenue is sixty days.

Revenue sources that are considered to be both measurable and available at year end are grant revenues and Cluster fund reimbursements due from other governments.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenditures / Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than on expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY DATA

The Council is required by Ohio Revised Code to file an annual budget with its administrative agent, the Summit County Fiscal Officer, and the County of Summit Council. The Council estimates revenues and expenditures for the year and submits these estimates to each of the required parties as well as any changes made to these estimates during the year.

The original budgets presented on Budgetary Fund Statements include only resources available for appropriation on January 1st. Remaining resources, which become available July 1st as this is when the new fiscal year commences for the majority of the Council's funds, are reflected in the final budget.

All monies (grants, contracts, fees and other receipts) paid to the Council are deposited by the County Fiscal Officer to the Agency Funds of the Summit County Treasury which have been created for the purpose of accounting for Council revenues and expenditures.

F. CAPITAL ASSETS AND DEPRECIATION

Capital and infrastructure assets utilized by the Council are considered property of the Summit County Health District, Ohio Department of Health or other grantor and are therefore not reported as capital assets of the Council.

G. COMPENSATED ABSENCES

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Council's past experience in making termination payments.

The entire compensated absence liability is recorded on the government-wide financial statements. For governmental funds, a liability is recorded for accumulated, unused, vacation when earned for all employees with more than one year of service. A liability is recorded for employees who are currently eligible to receive termination benefits and those the Council has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the Council's termination policy. The Council records a liability for accumulated unused sick leave for employees after one year of service with the Council.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. ACCRUED LIABILITIES AND LONG TERM OBLIGATIONS

Payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, Council payables and accrued liabilities, once incurred are paid in a timely manner and in full from current financial resources and are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

I. FUND BALANCE RESERVES

Reserved fund balances indicate that a portion of the fund equity is not available for current appropriation or use or is legally segregated for a specific future use. The unreserved portions of the fund equity are available for use within the specific purpose of the funds.

J. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use through external restriction imposed by creditors, grantors or laws or regulations of other governments. The Council applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. INTERFUND ACTIVITY

During the normal course of operations, the Council has transactions between funds. These transactions are primarily operating transfers, which represent transfers of resources from a fund receiving revenue to a fund through which those resources will be expended. Operating transfers are recorded as other financing transfers in (out). For the year ending December 31, 2006, The Council had the following transfers:

Transfers from Cluster Fund to:

Other Governmental Funds	\$ 1,994
--------------------------	----------

Assets were transferred from the Cluster fund to the Access to Better Care Fund to cover program expenditures for Cluster participants paid from the Access to Better Care Fund.

L. FISCAL AND ADMINISTRATIVE AGENT

The Summit County Health District serves as both the fiscal and administrative agent for the Council.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. FISCAL YEAR

The Council's financial statements are prepared based on a fiscal year that commences January 1 and terminates December 31 to conform with the fiscal year of its administrative and fiscal agent.

N. ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. CASH AND INVESTMENTS

The Summit County Fiscal Officer is the custodian for the Council's cash and investments. The County's cash and investment pool holds the Council's cash and investments, which are reported at the County Fiscal Officer's carrying amount. The Council's carrying amount of cash on deposit with the County at December 31, 2006 was (\$602,067.00). Deposits and investment disclosures for the County as a whole may be obtained from the County by contacting Dan Hawke, Deputy Fiscal Officer of Finance, County of Summit, 175 South Main Street, 44308-1306, 330-643-2878.

3. NEGATIVE CASH BALANCE

State and federal grants maintained by the Council are on a fiscal year that commences July 1 and ends June 30, while the Council's financial statements reflect a December 31 year end. As a result, the Council's financial statements may reflect a negative fund balance due to the timing of reimbursement of state and federal grants. All negative balances are covered by the Summit County Fiscal Officer until revenues are received and are presented as Fiscal Agent Payable. For the year ended December 31, 2006, Fiscal Agent Payables totaled \$568,888 in the Council's governmental funds.

4. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts and disbursements. The statement of Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual are presented in the basic financial statements for the General fund and Major Special Revenue Funds. The major differences for those funds between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/Expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

The adjustments necessary to convert the results of operations for the year from the Non-GAAP Budget Basis to the GAAP Basis for the governmental funds are as follows:

Excess of Revenues Over/Under Expenditures
General and Major Special Revenue Fund Types

	<u>General Fund</u>	<u>Early Start GRF</u>	<u>Early Start TANF</u>	<u>Early Intervention</u>	<u>Cluster</u>
Non GAAP Budget Basis	(8,240)	(2,970)	(473,368)	(58,793)	(50,072)
Net Adjustment for Revenue Accruals	-	(1,091)	729,474	58,652	(10,780)
Net Adjustment for Expenditure Accruals	<u>(1,565)</u>	<u>14,673</u>	<u>(185,495)</u>	<u>13,502</u>	<u>35,820</u>
GAAP Basis	<u><u>(9,805)</u></u>	<u><u>10,612</u></u>	<u><u>70,611</u></u>	<u><u>13,361</u></u>	<u><u>(25,032)</u></u>

5. RECEIVABLES

Receivables at December 31, 2006, consisted of grant and Cluster Fund reimbursements due from other governments. Grant payments and Cluster Fund reimbursements are deemed collectible in full.

6. DEFINED PENSION PLAN

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

OPERS provides retirement, disability, survivors, and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. The Ohio Revised Code, chapter 145 assigns the authority to establish and amend benefits to the OPERS Board of Trustees. OPERS issues a stand alone financial report, a copy of which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-6705 or 1-800-222-PERS(7377).

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)**

6. DEFINED PENSION PLAN (Continued)

For the year ended December 31, 2006, members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.0 % of their annual covered salary to fund pension obligations. The Ohio Revised Code provides statutory authority for member and employer contributions. The Council's contribution rate for pension benefits for 2006 was 13.70 %. Employer contributions from the Council to OPERS for the years ended 2006, 2005 and 2004 were \$49,070; \$40,435 and \$36,969, respectively, equal to the required contributions for each year.

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for post employment health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contributions to OPERS is set aside for the funding of post retirement health care. The employer contribution rate for the year 2006, for local government units was 13.70% of covered payroll, of which 4.5% was the portion used to fund health care for the year.

The Ohio revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS.

The entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used and asset values are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate of return for 2005 was 6.50%, which is based on the System's latest Actuarial Review performed as of December 31, 2005. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from .50% to 6.30%. This assumes no change in the number of active employees. Health care costs were assumed to increase 4% annually.

OPEB are advance-funded on an actuarially determined basis. OPEB are financed through employer contributions and investment earnings thereon. The employer contributions amounted to \$49,070 for Council employees in 2006. The portion of Council employer contributions that were used to fund post employment benefits was approximately \$16,119. \$11.1 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2005 (the latest information available). The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively. At year end 2006, the number of active contributing participants in the Traditional and Combined Plans was 369,214.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)**

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Cont'd)

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2005, with no prior service credit accumulated toward health care coverage. The Choices Plan will incorporate a cafeteria approach offering a broader range of health care options. The Choices Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Choices Plan will also offer a spending account feature enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a medical spending account.

8. COMPENSATED ABSENCES

Vacation is accumulated at varying rates ranging from two to five weeks per year depending on length of service. The amount of accumulated vacation that can be carried from year to year is limited to 175 hours. Unused vacation is payable upon termination of employment. All employees earn sick leave at the rate of 4.04 hours for each 70 hours of work completed. Sick leave credit accumulates without limit. Upon retirement, an employee may be paid for 25% of his/her accumulated sick leave credit. Sick leave is paid at a rate equal to the hourly rate at the time of retirement, and may not exceed a total of 210 paid hours. All vacation payments are made at the employee's wage rate at the time of termination.

9. LONG TERM OBLIGATIONS

The following is a summary of changes in long term obligations, of the Council, for the year ended December 31, 2006.

Governmental Activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Liabilities:					
Compensated Absences	\$30,773	\$8,027	\$691	\$38,109	\$25,720

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)**

10. RISK MANAGEMENT

The Council is exposed to various risks of property and casualty losses, and injuries to employees.

The Council insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

The Council belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence on or subsequent to January 1, 2006, the pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$3,000,000 as noted above.

Property Coverage

Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the Council.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)**

10. RISK MANAGEMENT (Continued)

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005.

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$30,997,868	\$29,719,675
Liabilities	(15,875,741)	(15,994,168)
Retained earnings	<u>\$15,122,127</u>	<u>\$13,725,507</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$5,125,326	\$4,443,332
Liabilities	(863,163)	(1,068,245)
Retained earnings	<u>\$4,262,163</u>	<u>\$3,375,087</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include \$14.4 million and 14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment.

The Council's administrative agent maintains property coverage through PEP for \$1,194,000 with a \$500 deductible. General Liability has a \$2,000,000 per occurrence limit and a \$2,500 deductible. Automobile liability has a 2,000,000 combined single limit of liability.

There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded coverage in any of the past three years.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)**

11. 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.

The Council has received notice from the Summit County Fiscal Office that two historical funds belonging to the Council remain open with a combined negative cash balance of \$48,604. There has been no activity in these funds since 2002. The Council administrative agent at the time was the Summit County Children's Services Board. The Council has since changed fiscal agents to the Summit County Health District. The Council is looking into issues which may have occurred during the transition to determine which agency is responsible for repayment.

12. SUBSEQUENT EVENT

Pursuant to Ohio Revised Code Section 3109.18 and an agreement between the parties, on January 1, 2007, the Council became the local administrative agent for the Ohio Children's Trust Fund. As a result, on February 1, 2007, the Council received \$37,578.49 from Summit County Children's Services Board, who acted as the administrative agent for the program through December 31, 2006 and which represents the fund balance as of that date. Additionally, on January 1, 2007, the Council became responsible for \$37,917.76 in liabilities, which were incurred during the 4th quarter of 2006.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SUMMIT COUNTY**

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Federal Receipts	Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Summit County Department of Jobs and Family Services</i>				
Temporary Assistance for Needy Families (Early Start Expansion)	FY06	93.558	\$1,314,132	\$1,098,424
Temporary Assistance for Needy Families (Wellness)	FY06		70,302	56,862
Temporary Assistance for Needy Families (Access to Better Care)	FY06		3,874	3,874
Temporary Assistance for Needy Families (Early Start Expansion)	FY07			689,076
Temporary Assistance for Needy Families (Wellness)	FY07		15,989	29,583
Temporary Assistance for Needy Families (Access to Better Care)	FY07			4,480
Total Temporary Assistance for Needy Families			1,404,297	1,882,299
<i>Passed Through Ohio Department of Health</i>				
Child Abuse and Neglect State Grants (CAPTA)	FY06	93.669	6,300	5,080
Child Abuse and Neglect State Grants (CAPTA)	FY07		22,500	14,351
Total Child Abuse and Neglect State Grants (CAPTA)			28,800	19,431
<i>Passed Through Summit County Alcohol Drug Addiction and Mental Health Board and Passed Through Child Guidance & Family Solutions</i>				
Promoting Safe and Stable Families (FAST)	FY06	93.556	122,897	113,763
	FY07			61,226
Total Promoting Safe and Stable Families			122,897	174,989
Total U.S. Department of Health and Human Services			1,555,994	2,076,719
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Health</i>				
Special Education Grants for Infants and Families with Disabilities	FY06	84.181	246,217	303,192
Special Education Grants for Infants and Families with Disabilities	FY07		185,552	187,370
Total U.S. Department of Education			431,769	490,562
Totals			<u>\$1,987,763</u>	<u>\$2,567,281</u>

The accompanying notes to this schedule are an integral part of this schedule.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SUMMIT COUNTY**

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

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The Federal Awards of Receipts and Expenditures Schedule (the Schedule) is a summary of the activity of the Family and Children First Council's federal award programs. The Schedule has been prepared on the cash basis of accounting.



Mary Taylor, CPA

Auditor of State

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

Summit County Family and Children First Council
Summit County
1100 Graham Road Circle
Stow, Ohio 44224

To the Executive Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Summit County Family and Children First Council, Summit County, Ohio, (the Council) as of and for the year ended December 31, 2006, which collectively comprise the Council's basic financial statements and have issued our report thereon dated July 27, 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 opinions on the financial statements, but not to opine on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

We intend this report solely for the information and use of the audit committee, management, the Executive Council, and federal awarding agencies and pass-through entities. 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

July 27, 2007



Mary Taylor, CPA

Auditor of State

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

Summit County Family and Children First Council
Summit County
1100 Graham Road Circle
Stow, Ohio 44224

To the Executive Council:

Compliance

We have audited the compliance of Summit County Family and Children First Council, Summit County (the Council) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the Council's major federal programs. The Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Summit County Family and Children First Council, Summit County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The Council's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

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

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



Mary Taylor, CPA
Auditor of State

July 27, 2007

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SUMMIT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Temporary Assistance for Needy Families CFDA #93.558 Special Education Grants for Infants and Families with Disabilities CFDA #84.181
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

SUMMIT 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
SEPTEMBER 6, 2007**