



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

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**Auditor of State
Betty Montgomery**

Family and Children First Council
Putnam County
124 Putnam Parkway
Ottawa, Ohio 45875-8657

To the Members of 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 black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

December 18, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Putnam County
124 Putnam Parkway
Ottawa, Ohio 45875-8657

To the Members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Putnam County, (the Council) as of and for the years ended June 30, 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 2, 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 June 30, 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.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended June 30, 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 June 30, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Family and Children First Council, Putnam County, as of June 30, 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 June 30, 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 December 18, 2006, 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.



Betty Montgomery
Auditor of State

December 18, 2006

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Membership Fees	\$ 3,500		\$ 3,500
Administrative Funds - State	20,000		20,000
Administrative Funds - Local	1,868		1,868
Help Me Grow - Charges for Services		\$ 106,719	106,719
Help Me Grow - Grant		78,271	78,271
ISCY (Youth) Receipts		25,338	25,338
United Way Parent Project Grant		3,185	3,185
United Way Wrap Around Grant		1,800	1,800
United Way Wrap/TIP Grant		3,335	3,335
ABC/NBH Grant		5,681	5,681
ABC/MHBH Grant		18,834	18,834
Spank Out Day Grant		250	250
Miscellaneous	300		300
Total Cash Receipts	<u>25,668</u>	<u>243,413</u>	<u>269,081</u>
Cash Disbursements:			
Current:			
Salaries/Benefits	26,325		26,325
Travel/Training	1,791		1,791
Supplies/Other	658		658
Help Me Grow Grant		204,254	204,254
ISCY (Youth)		23,132	23,132
United Way Venture Grant		1,915	1,915
United Way Parent Project Grant		2,673	2,673
United Way Wrap Around Grant		5,619	5,619
ABC/NBH Grant		13,064	13,064
ABC/MHBH Grant		974	974
Spank Out Day Grant		250	250
Total Cash Disbursements	<u>28,774</u>	<u>251,881</u>	<u>280,655</u>
Total Cash Disbursements Over Cash Receipts	<u>(3,106)</u>	<u>(8,468)</u>	<u>(11,574)</u>
Other Financing Receipts and (Disbursements):			
Advances-In	14,108	26,818	40,926
Advances-Out	<u>(26,720)</u>	<u>(14,206)</u>	<u>(40,926)</u>
Total Other Financing Receipts and (Disbursements)	<u>(12,612)</u>	<u>12,612</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(15,718)</u>	<u>4,144</u>	<u>(11,574)</u>
Fund Cash Balances, July 1	<u>15,719</u>	<u>9,370</u>	<u>25,089</u>
Fund Cash Balances, June 30	<u>\$ 1</u>	<u>\$ 13,514</u>	<u>\$ 13,515</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Membership Fees	\$ 9,500		\$ 9,500
Administrative Funds - State	18,800		18,800
Administrative Funds - Local	2,986		2,986
Help Me Grow - Charges for Services		\$ 104,005	104,005
Help Me Grow - Grant		79,870	79,870
United Way Venture Grant		3,000	3,000
ISCY (Youth) Receipts		79,671	79,671
Spank Out Day Grant		250	250
Miscellaneous	600		600
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	31,886	266,796	298,682
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries/Benefits	25,239		25,239
Travel/Training	1,101		1,101
Supplies/Other	185		185
Audit Services	3,990		3,990
Help Me Grow Grant		189,846	189,846
ISCY (Youth)		76,978	76,978
United Way Venture Grant		1,085	1,085
Spank Out Day Grant		250	250
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	30,515	268,159	298,674
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	1,371	(1,363)	8
	<hr/>	<hr/>	<hr/>
Other Financing Receipts and (Disbursements):			
Advances-In	5,529	16,618	22,147
Advances-Out	(14,108)	(8,039)	(22,147)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts and (Disbursements)	(8,579)	8,579	
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,208)	7,216	8
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, July 1	22,927	2,154	25,081
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, June 30	\$ 15,719	\$ 9,370	\$ 25,089
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

- a. 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 section 5153.15 of the Revised Code;
- 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 commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986";
- n. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty per cent of the council's remaining membership.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 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, 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 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 broad representation of families who are receiving services within the county system.

B. Steering Committee

The Steering Committee acts on behalf of the Council. This Committee consists of representatives of the Cabinet membership. Committee responsibilities include the following:

- a. Contract for the administration and staffing of the Council, including a Council Coordinator, and provide direction to the Council Coordinator with regard to operations of the Council.
- b. Monitoring and directing the implementation of the Strategic Community Plan, Service Coordination Plan, and the Children's Cluster Plan.
- c. Monitoring committee work and providing direction to committee chairs.
- d. Monitoring annual operating budgets.
- e. Identifying service gaps in local community resources and developing strategies to assist children and their families.
- f. Addressing and recommending resolutions to policy issues/concerns identified by the Council.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

- g. Reviewing and approving periodic reports to the State Cabinet regarding the operation of the Council.
- h. Consistent with policies of the Council, enter into contracts based on resources available and applying for and administering grants to plan and coordinate programs and services for families and children.
- i. Identifying regulation and policy waiver requests necessary to the implementation of Council plans and strategies.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

B. Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions are reflected in a self-balancing group of accounts.

General Fund - the general operating fund of the Council. It is used to account for all financial resources, except those required by law or contract to be restricted. The primary source of revenue for Council operations consists of an Administrative Grant from the State and Local Agency Contributions. These are local monies contributed by Putnam County agencies, including Alcohol, Drug Addiction and Mental Health Services Board, Pathways Mental Health Division, Brookhill School, Juvenile Court, Village of Ottawa, Putnam County Job and Family Services, Children's Services, Putnam County Commissioners, Ottawa-Glandorf Local School District, Putnam County Educational Service Center, Putnam County Health Department, and Head Start.

Special Revenue Funds - 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:

Intersystem Services Collaborative for Youth - Moneys from state and local agencies or parents and guardians to provide in-home service or residential to youths.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Help Me Grow- Monthly reimbursements from Job and Family Services for services Council provides to eligible families along with State and Federal monies used to fund services for families and children.

C. Fiscal Agent and Administrative Agent

Beginning July 1, 2001, the Putnam County Educational Services Center became the administrative agent and fiscal agent for the Council. Council funds were accounted for in an agency fund by the Treasurer of the Putnam County Educational Services Center.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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. Unpaid Sick and Vacation Leave

Employee is entitled to cash payments for unused sick and vacation leave in certain circumstances, such as upon leaving employment. Unpaid sick and vacation leave is not reflected as liabilities under the cash basis of accounting used by the Council.

3. EQUITY IN POOLED CASH

The Putnam County Educational Service Center maintains a cash pool used by all of the Educational Service Center'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 Educational Service Center at June 30, 2006 and 2005 was \$13,515 and \$25,089, respectively. The Educational Service Center, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the Educational Service Center's pooled deposit accounts.

4. DEFINED BENEFIT PENSION PLAN

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

Contribution rates are also prescribed by the Ohio Revised Code. For fiscal years 2006 and 2005, members of SERS contributed 10 percent of their gross salaries and the Council contributed an amount equal to 14 percent of participants' gross salaries. The Council has paid all contributions required through June 30, 2006.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(Continued)**

5. RISK MANAGEMENT

The Council is insured for general liability and casualty by the Putnam County Educational Service Center.

6. 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.

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**Auditor of State
Betty Montgomery**

**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
Putnam County
124 Putnam Parkway
Ottawa, Ohio 45875-8657

To the Members of Council:

We have audited the financial statements of the Family and Children First Council, Putnam County (the Council) as of and for the years ended June 30, 2006 and 2005, and have issued our report thereon dated December 18, 2006, 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Council's management dated December 18, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*. In a separate letter to the Council's management dated December 18, 2006, we reported a matter related to noncompliance we deemed immaterial.

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Family and Children First Council
Putnam County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Council, and is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 18, 2006



**Auditor of State
Betty Montgomery**

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**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM 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
JANUARY 4, 2007**