



**Auditor of State
Betty Montgomery**

**DELAWARE FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

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**Auditor of State
Betty Montgomery**

Delaware Family and Children First Council
Delaware County
140 North Sandusky Street
Delaware, Ohio 43015

To Members of the Council:

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

September 6, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Delaware Family and Children First Council
Delaware County
140 North Sandusky Street
Delaware, Ohio 43015

To Members of the Council:

We have audited the accompanying financial statements of the Delaware Family and Children First Council, Delaware County, Ohio, (the Council), as of and for the years ended December 31, 2004, and December 31, 2003. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 statement referred to above for the year ended December 31, 2004, does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Delaware Family and Children First Council, Delaware County, Ohio, as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Delaware Family and Children First Council, Delaware County, Ohio, as of December 31, 2004, and December 31, 2003, 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 year ended December 31, 2004. 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 September 6, 2005, 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

September 6, 2005

**DELAWARE FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$38,800	\$299,474	\$338,274
Charges for Services	2,939	0	2,939
Other	48	0	48
	<u>41,787</u>	<u>299,474</u>	<u>341,261</u>
Total Cash Receipts			
Cash Disbursements:			
Personal Services	16,828	0	16,828
Fringe Benefits	4,928	0	4,928
Services and Charges	3,558	10,000	13,558
Materials and Supplies	415	0	415
Payments to Other Governments	0	279,985	279,985
	<u>25,729</u>	<u>289,985</u>	<u>315,714</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	<u>16,058</u>	<u>9,489</u>	<u>25,547</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	32,885	0	32,885
Transfers-Out	0	(32,885)	(32,885)
	<u>32,885</u>	<u>(32,885)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	48,943	(23,396)	25,547
Fund Cash Balances, January 1	<u>(6,259)</u>	<u>83,484</u>	<u>77,225</u>
Fund Cash Balances, December 31	<u>\$42,684</u>	<u>\$60,088</u>	<u>\$102,772</u>

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

**DELAWARE FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$0	\$424,143	\$424,143
Charges for Services	0	880	880
Other	0	1,010	1,010
Total Cash Receipts	<u>0</u>	<u>426,033</u>	<u>426,033</u>
Cash Disbursements:			
Personal Services	37,656	30,277	67,933
Fringe Benefits	8,688	12,366	21,054
Services and Charges	2,833	126,893	129,726
Materials and Supplies	339	10,011	10,350
Payments to Other Governments	0	214,697	214,697
Total Cash Disbursements	<u>49,516</u>	<u>394,244</u>	<u>443,760</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(49,516)</u>	<u>31,789</u>	<u>(17,727)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	12,000	29,056	41,056
Transfers-Out	0	(41,056)	(41,056)
Total Other Financing Receipts/(Disbursements)	<u>12,000</u>	<u>(12,000)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(37,516)</u>	<u>19,789</u>	<u>(17,727)</u>
Fund Cash Balances, January 1	<u>31,257</u>	<u>63,695</u>	<u>94,952</u>
Fund Cash Balances, December 31	<u><u>(\$6,259)</u></u>	<u><u>\$83,484</u></u>	<u><u>\$77,225</u></u>

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

**DELAWARE FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

1. 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;
2. The health commissioner of the board of health of each city or general health district in the county, or their designees;
3. The director of the county department of human services;
4. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Ohio Revised Code;
5. The superintendent of the county board of mental retardation and developmental disabilities;
6. The county's juvenile court judge senior in service;
7. 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;
8. 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;
9. A representative of the largest city in the county;
10. The chair of the board of county commissioners, or an individual designated by the board;
11. A representative of the regional office of the department of youth services;
12. A representative of the county's head start agencies, as defined in section 3301.31 of the Ohio Revised Code;
13. 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

**DELAWARE FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

14. 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.

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 and become a permanent or temporary member of the council.

A county council's statutory responsibilities include the following:

1. Refer to the cabinet council those children for whom the council cannot provide adequate services;
2. 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;
3. 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;
4. Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
5. Maintain an accountability system to monitor the council's progress in achieving its purposes; and
6. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

Management of the Delaware Family and Children First Council (the Council) believes these financial statements present all activities for which the Council is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**DELAWARE FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

The Council uses fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It was used to account for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

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

Family Stability Fund – This fund received monies from the Department of Mental Health for collaborating with local departments. The monies were used to analyze placements made by the Juvenile Court and develop possible alternatives for this process. The monies were also used to provide social services in accordance with the Delaware Juvenile Court.

Early Start Fund – This fund received federal grant monies to assist needy families with children.

Byrne Memorial Fund – This fund received federal and local grant monies to reduce and prevent illegal drug activity, crime, and violence and to improve the functioning of the criminal justice system. The Council selected the Delaware County Juvenile Court to be the implementing agency for this grant.

D. Administrative and Fiscal Agents

The Council is required by law to designate an administrative agent from among a list of local governmental agencies provided in the Ohio Revised Code. For the years ending December 31, 2004, and December 31, 2003, the Delaware General Health District served as the administrative agent for the Council.

Delaware County serves as fiscal agent for the Council. Council funds are deposited with the Delaware County Treasurer and are accounted for in separate funds and cost centers by the County.

E. Property, Plant, and Equipment

Acquisitions of equipment are recorded as disbursements when paid. The accompanying financial statements do not report these items as assets. The Council does not own any buildings or real property.

**DELAWARE FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH

The Delaware County Treasurer (the County Treasurer) is the custodian for the Council's cash. The Ohio Revised Code prescribes allowable deposits and investments and the County Treasurer is responsible for compliance. The Council's shares of the carrying amounts on deposit with the County Treasurer were as follows:

	2004	2003
Total deposits	\$102,772	\$77,225

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

3. BUDGETARY ACTIVITY

The Council only is required by Ohio Law to submit a budget to its Administrative Agent, the County Board of Commissioners, and the County Auditor. The Council's budgets summarize estimated receipts and disbursements.

Budgetary activity for the years ending December 31, 2004, and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,019	\$74,672	(\$1,347)
Special Revenue	319,485	299,474	(20,011)
Total	\$395,504	\$374,146	(\$21,358)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,701	\$25,729	\$14,972
Special Revenue	407,269	322,870	84,399
Total	\$447,970	\$348,599	\$99,371

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$12,000	\$12,000	\$0
Special Revenue	455,089	455,089	0
Total	\$467,089	\$467,089	\$0

**DELAWARE FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,029	\$49,516	\$6,513
Special Revenue	582,247	435,300	146,947
Total	\$638,276	\$484,816	\$153,460

4. RETIREMENT SYSTEM

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For the years ending December 31, 2004, and December 31, 2003, OPERS members contributed 5 percent of their gross salaries. The Council paid the remaining 3.5 percent of the OPERS members' contributions. The Council also contributed an amount equal to 13.55 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2004.

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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*

Delaware Family and Children First Council
Delaware County
140 North Sandusky Street
Delaware, Ohio 43015

To Members of the Council:

We have audited the financial statements of the Delaware Family and Children First Council, Delaware County, Ohio, (the Council), as of and for the years ended December 31, 2004, and December 31, 2003, and have issued our report thereon dated September 6, 2005, wherein we noted the Council followed accounting practices the Auditor of State prescribes or permits 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 September 6, 2005, 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 September 6, 2005, we reported an other matter related to noncompliance we deemed immaterial.

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Delaware Family and Children First Council
Delaware 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 members of the Delaware Family and Children First Council. It 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

September 6, 2005



**Auditor of State
Betty Montgomery**

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FAMILY AND CHILDREN FIRST COUNCIL

DELAWARE 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
OCTOBER 6, 2005**