



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

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008-2007



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

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

To the Members of the Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Council to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 21, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the 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, 2008 and 2007. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the GAAP presentation requirements. The Auditor of State permits, but does not require Councils to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2008 and 2007, 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 and reserves for encumbrances of Delaware Family and Children First Council, Delaware County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2009, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

July 21, 2009

**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, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 55,681	\$ 488,258	\$ 543,939
Charges for Services	2,908	-	2,908
Other	66	-	66
	<u>58,655</u>	<u>488,258</u>	<u>546,913</u>
Total Cash Receipts			
	<u>58,655</u>	<u>488,258</u>	<u>546,913</u>
Cash Disbursements:			
Personal Services	-	80,411	80,411
Fringe Benefits	1,080	27,348	28,428
Services and Charges	45,464	156,648	202,112
Materials and Supplies	130	431	561
Payments to Other Governments	-	223,552	223,552
	<u>46,674</u>	<u>488,390</u>	<u>535,064</u>
Total Cash Disbursements			
	<u>46,674</u>	<u>488,390</u>	<u>535,064</u>
Total Receipts Over/(Under) Disbursements	11,981	(132)	11,849
Fund Cash Balances, January 1	<u>31,725</u>	<u>84,995</u>	<u>116,720</u>
Fund Cash Balances, December 31	<u>\$ 43,706</u>	<u>\$ 84,863</u>	<u>\$ 128,569</u>
Reserve for Encumbrances, December 31	<u>\$ 700</u>	<u>\$ 84,420</u>	<u>\$ 85,120</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, 2007**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 14,161	\$ 423,741	\$ 437,902
Charges for Services	4,403	-	4,403
Total Cash Receipts	<u>18,564</u>	<u>423,741</u>	<u>442,305</u>
Cash Disbursements:			
Personal Services	3,552	124,795	128,347
Fringe Benefits	5,792	41,950	47,742
Services and Charges	43,674	16,060	59,734
Materials and Supplies	464	14,814	15,278
Payments to Other Governments	-	198,888	198,888
Total Cash Disbursements	<u>53,482</u>	<u>396,507</u>	<u>449,989</u>
Total Receipts Over/(Under) Disbursements	<u>(34,918)</u>	<u>27,234</u>	<u>(7,684)</u>
Other Financing Sources (Disbursements):			
Transfers-In	8,764	11,439	20,203
Transfers-Out	-	(20,203)	(20,203)
Total Other Financing Sources (Disbursements)	<u>8,764</u>	<u>(8,764)</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(26,154)	18,470	(7,684)
Fund Cash Balances, January 1	<u>57,879</u>	<u>66,525</u>	<u>124,404</u>
Fund Cash Balances, December 31	<u>\$ 31,725</u>	<u>\$ 84,995</u>	<u>\$ 116,720</u>
Reserve for Encumbrances, December 31	<u>\$ 853</u>	<u>\$ 48,886</u>	<u>\$ 49,739</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, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

- a. At least three individuals whose families are or have received services from an agency which is represented on the council. If possible, twenty per cent of the council's membership should consist of members representing families.
- b. The director of the community mental health board.
- c. The director of the county ADAMH board. For counties served by a joint ADAMH board, the joint board's director must designate a member to participate on the county's council.
- d. A representative from the general health district in the county. If there are more than two health districts, then the membership is limited to the commissioners of the two districts with the largest populations.
- e. The director of the county department of job and family services.
- f. The executive director of county children's services board.
- g. The superintendent for the county board of MRDD.
- h. The superintendent of the city, exempted village, or local school district within the territory in the county, as designated at a biennial meeting of the superintendents of those districts.
- i. The school superintendent representing all other school districts within the territory in the county, as designated at a biennial meeting of the superintendents of those districts.
- j. A representative of the municipal corporation with the largest population in the county.
- k. The president of the board of county commissioners or a designee.
- l. A representative from the regional office of the Ohio Department of Youth Services.
- m. A representative of the county's head start agencies.
- n. A representative of the county's early intervention collaborative.
- o. A representative of the local nonprofit entity that funds, advocates, or provide services to children and families.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (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. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- e. Establish a mechanism to ensure ongoing input from a board representation of families who are receiving services within the county system;
- f. Participate in the 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 early intervention services under the "Education of the Handicapped Act Amendments of 1986".

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. 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.

C. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds

These funds 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:

Council Service Coordination Fund - This fund is used to account for receipts and expenditures for EIN Part C grant monies.

Welcome Home Fund - This fund is used to account for receipts and expenditures of the Council's Help Me Grow Grant monies for newborn visits, developmental evaluations, and ongoing home visits

Early Start Fund - This fund is used to account for receipts and expenditures of the Council's grant monies to assist needy families with children.

D. Administrative and Fiscal Agent

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 year ending December 31, 2008, the Delaware County Job and Family Services served as the administrative agent and for the year ended December 31, 2007, 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. Budgetary Process

Ohio Revised Code requires the Council to submit an expenditure budget annually to its administrative agent, the County Auditor, and the board of county commissioners. The Council adopted a budget at the object level.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets. The Council does not own any buildings or real property.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. EQUITY IN POOLED CASH

The Delaware County Treasurer maintains a cash pool used by all of the county's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County at December 31, 2008 and 2007 was \$128,569 and \$116,720, respectively. The Delaware County Treasurer, as fiscal agent for the County and also the Council, is responsible for maintaining adequate depository collateral for all funds in the county's pooled and deposit accounts.

3. BUDGETARY PROCESS

Budgetary activity for the years ended December 31, 2008 and 2007 is as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,000	\$58,655	\$18,655
Special Revenue	530,368	488,258	(42,110)
Total	<u>\$570,368</u>	<u>\$546,913</u>	<u>(\$23,455)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,629	\$47,374	\$13,255
Special Revenue	585,817	572,810	13,007
Total	<u>\$646,446</u>	<u>\$620,184</u>	<u>\$26,262</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,500	\$27,328	(\$20,172)
Special Revenue	529,381	435,180	(94,201)
Total	<u>\$576,881</u>	<u>\$462,508</u>	<u>(\$114,373)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,187	\$54,335	\$8,852
Special Revenue	472,417	465,596	6,821
Total	<u>\$535,604</u>	<u>\$519,931</u>	<u>\$15,673</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Council contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Council has paid all contributions required through December 31, 2008.

5. RISK MANAGEMENT

Insurance for comprehensive property and general liability is provided by Delaware County.

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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*

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

To the 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, 2008 and 2007, and have issued our report thereon dated July 21, 2009, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe finding number 2008-001 is also a material weakness.

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*.

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Council's response and, accordingly we express no opinion on it.

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. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 21, 2009

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Significant Deficiency and Material Weakness

Sound financial reporting is the responsibility of the Fiscal Agent and the Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Encumbrances as of the year ending December 31, 2008 and 2007 were included as expenditures on the financial statements. Audit adjustments were made to remove the encumbrances from the expenditure line items and report them as reserved for encumbrances. See the table below for the year, the fund classification, and the adjustment amounts:

Year	Fund Classification	Amount
2008	General Fund	\$700
2008	Special Revenue Fund	\$84,420
2007	General Fund	\$853
2007	Special Revenue Fund	\$48,886

In addition there was a reclassification of \$1,959 to properly report Ohio Trust Fund receipts as intergovernmental receipts rather than charges for services receipts. This reclassification was inconsequential to the overall financial statements of the Council and was not posted to the December 2008 and 2007 financial statements or the Council's accounting records.

The adjustments and reclassification identified during the audit should be reviewed by the Fiscal Agent to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Council should adopt policies and procedures, including a final review of the financial statements by the Fiscal Agent to identify and correct errors and omissions.

Officials' Response:

The adjustments and reclassification as identified have been reviewed by the Fiscal Agent and actions have been taken to ensure that similar errors are not reported in subsequent years.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Significant Deficiency and Material Weakness for the Board monitoring monthly financial information	Yes	N/A
2006-002	Significant Deficiency and Material Weakness for not maintaining supporting documentation for all receipts.	Yes	N/A
2006-003	Significant Deficiency and Material Weakness for sound financial reporting	No	Not Corrected: See Finding 2008-001



Mary Taylor, CPA
Auditor of State

DELAWARE COUNTY 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
AUGUST 11, 2009**