



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

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006-2005



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
1 West Winter 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 8, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Delaware Family and Children First Council
Delaware County
1 West Winter 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, 2006 and 2005. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2006 and 2005, or its changes in financial position for the 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, 2006 and 2005, 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 August 8, 2007, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

August 8, 2007

**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, 2006**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 20,000	\$ 356,115	\$ 376,115
Charges for Services	7,331	-	7,331
Other	146	-	146
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	27,477	356,115	383,592
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Personal Services	14,146	95,352	109,498
Fringe Benefits	9,096	33,902	42,998
Services and Charges	9,903	8,909	18,812
Materials and Supplies	1,664	3,269	4,933
Payments to Other Governments	-	211,336	211,336
Capital Outlay	-	9,791	9,791
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	34,809	362,559	397,368
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(7,332)	(6,444)	(13,776)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	65,211	72,969	138,180
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 57,879</u>	<u>\$ 66,525</u>	<u>\$ 124,404</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$ 2,356</u>	<u>\$ 16,518</u>	<u>\$ 18,874</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, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 25,681	\$ 258,775	\$ 284,456
Charges for Services	2,250	-	2,250
Total Cash Receipts	<u>27,931</u>	<u>258,775</u>	<u>286,706</u>
Cash Disbursements:			
Personal Services	18,917	14,250	33,167
Fringe Benefits	4,697	3,924	8,621
Services and Charges	9,093	104	9,197
Materials and Supplies	30	185	215
Payments to Other Governments	-	200,098	200,098
Total Cash Disbursements	<u>32,737</u>	<u>218,561</u>	<u>251,298</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(4,806)</u>	<u>40,214</u>	<u>35,408</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	27,333	-	27,333
Transfers-Out	-	(27,333)	(27,333)
Total Other Financing Receipts/(Disbursements)	<u>27,333</u>	<u>(27,333)</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	22,527	12,881	35,408
Fund Cash Balances, January 1	<u>42,684</u>	<u>60,088</u>	<u>102,772</u>
Fund Cash Balances, December 31	<u>\$ 65,211</u>	<u>\$ 72,969</u>	<u>\$ 138,180</u>
Reserves for Encumbrances, December 31	<u>\$ 100</u>	<u>\$ 430</u>	<u>\$ 530</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, 2006 AND 2005**

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 each city board of health and 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 human services.
- f. The executive director of county children's services board.
- g. The superintendent for the county board of MRDD.
- h. The administrative or the judge senior in service or his designee for the county's juvenile court.
- i. 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.
- j. 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.
- k. A representative of the municipal corporation with the largest population in the county.
- l. The chair of the board of county commissioners or a designee.
- m. A representative from the regional office of the Ohio Department of Youth Services.
- n. A representative of the county's head start agencies.
- o. A representative of the county's early intervention collaborative.
- p. 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, 2006 AND 2005
(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. 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 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 is the general operating fund. It was used to account for all financial resources except those restricted by law or contract.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(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 - 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 years ending December 31, 2006, and December 31, 2005, 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

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.

F. Accumulated Leave

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

2. EQUITY IN POOLED CASH

The Council's cash and investments are maintained by Delaware County, its fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. As of December 31, 2006, and December 31, 2005, the Council's share of the County's Cash and Investments pool was as follows:

	<u>2006</u>	<u>2005</u>
Total Deposits	<u>\$ 124,404</u>	<u>\$ 138,180</u>

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

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

2. EQUITY IN POOLED CASH (Continued)

All risks associated with such deposits are the responsibility of Delaware County. Delaware County is responsible for maintaining adequate collateral for all funds in the County's pooled and deposit accounts.

3. BUDGETARY PROCESS

The Family and Children First Council is required by Ohio Law to submit a budget to its Administrative Agent, the County Board of Commissioners, and the County Auditor.

The Council prepared budgets for calendar years 2006 and 2005 and submitted them to the appropriate authorities. These budgets summarize estimated receipts and disbursements.

Budgetary activity for the years ended December 31, 2006 and December 31, 2005 is as follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,747	\$27,477	(\$1,270)
Special Revenue	395,781	356,115	(39,666)
Total	\$424,528	\$383,592	(\$40,936)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,021	\$37,165	\$12,856
Special Revenue	411,814	379,077	32,737
Total	\$461,835	\$416,242	\$45,593

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,312	\$55,264	\$6,952
Special Revenue	278,846	258,775	(20,071)
Total	\$327,158	\$314,039	(\$13,119)

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

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

3. BUDGETARY PROCESS (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,336	\$32,837	\$4,499
Special Revenue	332,462	246,324	86,138
Total	\$369,798	\$279,161	\$90,637

4. RETIREMENT SYSTEM

The Council's Director belongs to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2005, members of OPERS contributed 8.5% percent of their wages to OPERS. For 2006, the rate increased to 9.0% percent. The Council contributed an amount equal to 13.55% percent of the Director's gross salary for 2005 and 13.70% for 2006. The Council has paid all contribution required through December 31, 2006.

5. RISK MANAGEMENT

The Council is covered under Delaware County Health District's insurance policy which includes:

- Comprehensive property and general liability;
- Errors and omissions.

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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
1 West Winter 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, 2006 and 2005, and have issued our report thereon dated August 8, 2007 wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-003.

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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. However, of the significant deficiencies described above, we believe finding numbers 2006-001 through 2006-003 are also material weaknesses.

Compliance and Other Matters

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

We did not a certain noncompliance or other matter that we reported to the Council's management in a separate letter date August 8, 2007.

The Council's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Council's responses and, accordingly we express no opinion on them.

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

August 8, 2007

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

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Significant Deficiency and Material Weakness

The members of Council should monitor the financial operations of the Council each month. Such monitoring should include a review of resources received, expenditures for the month, month end fund balances, and unpaid invoices. These reviews ensure that the Council's objectives are being achieved, including operational, legal compliance, and will help financial control objectives. Effective monitoring controls should identify unexpected results or exceptions, investigate underlying causes, and take corrective action.

Effective monitoring controls over financial operations were not implemented by the Council. Lack of effective monitoring controls could allow for operational failures and errors to occur without timely detection by management.

We recommend the Council's fiscal officer present monthly financial reports to the Council for their review. The following information should be included on the monthly reports: a list of all receipts collected, a list of all expenditures paid, a summary of the fund balances, and budget versus actual receipts and expenditures. The Council's review and approval of these reports should be documented in the minutes of the Council's monthly meetings.

Officials' Response:

The reports in the past have been compiled to address specific needs at the time. There is a budget v actual w/ encumbrances report and we will make this report available to the Board.

FINDING NUMBER 2006-002

Significant Deficiency and Material Weakness

Supporting documentation should be maintained for all receipts in order to verify that all transactions occurred and to provide useful information for the Council's administration. The fiscal officer for the Council did not maintain supporting documentation for 76% of the intergovernmental receipts during the audit period. However, the receipts could be supported by documentation filed with the County Auditor, the Council's fiscal agent.

We recommend supporting documentation be maintained on file by the fiscal officer for all receipts collected by the Council. The documentation should be maintained in a manner so that it is readily available for review.

Officials' Response:

While there have been issues with revenue documentation we feel that with the current structure of one person being responsible for all reporting and transactions that the lack of documentation will no longer be an issue.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2006-003

Significant Deficiency and Material Weakness

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

The following audit adjustments have been posted to ensure revenues and expenditures are accurate and properly classified on the December 31, 2006 and December 31, 2005 financial statements.

1. Encumbrances as of the year ending December 31, 2006 and 2005 were included as expenditures on the draft 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
2006	General Fund	\$2,356
2006	Special Revenue Fund	\$16,518
2005	General Fund	\$100
2005	Special Revenue Fund	\$430

2. In the Special Revenue Fund for 2005, \$2,500 was reclassified from transfers in to intergovernmental receipts to properly reflect a receipt from the Delaware General Health District.

The adjustments identified above should be reviewed by the Fiscal Manager to ensure that a similar error is not reported on the financial statements in subsequent years. In addition, the Council should develop procedures for review of transactions posted as well procedures over reporting of the Council's activity on the financial statements.

Officials' Response:

We will handle future adjustments by having a more comprehensive report than we have had in the past.



Mary Taylor, CPA
Auditor of State

DELAWARE 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
SEPTEMBER 25, 2007**