



Dave Yost • Auditor of State



HARRISON FAMILY AND CHILDREN FIRST COUNCIL  
HARRISON COUNTY

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# Dave Yost • Auditor of State

Harrison Family and Children First Council  
Harrison County  
115 West Warren Street  
Cadiz, Ohio 43907

To 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 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 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.

**Dave Yost**  
Auditor of State

January 25, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Harrison Family and Children First Council  
Harrison County  
115 West Warren Street  
Cadiz, Ohio 43907

To the Council:

We have audited the accompanying financial statements of the Harrison Family and Children First Council, Harrison County, (the Council) as of and for the year ended December 31, 2009. 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 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 year ended December 31, 2009 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, 2009, or its changes in financial position for the year then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Harrison Family and Children First Council, Harrison County, as of December 31, 2009, and its combined cash receipts and disbursements for the year 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 January 25, 2011, 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.

**Dave Yost**  
Auditor of State

January 25, 2011

HARRISON FAMILY AND CHILDREN FIRST COUNCIL  
HARRISON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

|   | <u>Governmental Fund Types</u> |                            | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>                     |                                |                            |   |
| Intergovernmental                         | \$19,872                       | \$242,263                  | \$262,135                               |
| Miscellaneous                             | 747                            | 340                        | 1,087                                   |
| Total Cash Receipts                       | <u>20,619</u>                  | <u>242,603</u>             | <u>263,222</u>                          |
| <b>Cash Disbursements:</b>                |                                |                            |   |
| Current:                                  |                                |                            |   |
| Salaries                                  | 30,136                         | 176,143                    | 206,279                                 |
| Parent Stipends                           | 320                            | 235                        | 555                                     |
| Utilities                                 |                                | 2,869                      | 2,869                                   |
| Supplies                                  |                                | 19,042                     | 19,042                                  |
| Retirement                                | 1,691                          | 26,913                     | 28,604                                  |
| Phone                                     |                                | 2,273                      | 2,273                                   |
| Housekeeping                              |                                | 360                        | 360                                     |
| Medicaid                                  | 175                            | 2,712                      | 2,887                                   |
| Conferences/Training                      |                                | 599                        | 599                                     |
| Life Insurance                            | 30                             | 288                        | 318                                     |
| Vision/Dental                             |                                | 1,262                      | 1,262                                   |
| Workers Comp.                             |                                | 3,166                      | 3,166                                   |
| Rent                                      |                                | 3,587                      | 3,587                                   |
| Expenses/Mileage                          |                                | 14,674                     | 14,674                                  |
| Miscellaneous                             | 2,230                          | 176                        | 2,406                                   |
| Total Cash Disbursements                  | <u>34,582</u>                  | <u>254,299</u>             | <u>288,881</u>                          |
| Total Receipts Over/(Under) Disbursements | <u>(13,963)</u>                | <u>(11,696)</u>            | <u>(25,659)</u>                         |
| Fund Cash Balances, January 1             | <u>17,370</u>                  | <u>33,228</u>              | <u>50,598</u>                           |
| <b>Fund Cash Balances, December 31</b>    | <b><u>\$3,407</u></b>          | <b><u>\$21,532</u></b>     | <b><u>\$24,939</u></b>                  |

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

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**HARRISON FAMILY AND CHILDREN FIRST COUNCIL  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**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 a County Family and Children First Council. Statutory membership of a county council consists of the following individuals:

- a. At least three individuals whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty percent of the council's membership.
- b. The director of the board of alcohol, drug addiction, and mental health services that services 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. If a board of alcohol, drug addiction, and mental health services more than one county, the director may designate a person to participate on the county's council.
- c. The health commissioner, or the commissioner's designee, of the board of health of each city and general health district in the county. If the county has two or more health districts, the health commissioner membership may be limited to the commissioners of the two districts with the largest populations.
- d. The director of the county department of job and family services.
- e. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code.
- f. The superintendent of the county board of mental retardation and developmental disabilities.
- 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 board of county commissioners 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 municipal corporation with the largest population in the county;
- j. The president 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.

**HARRISON FAMILY AND CHILDREN FIRST COUNCIL  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

- i. 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 "Individuals with Disabilities Education Act of 2004".
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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. 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;
- c. Participate in the development of a countywide, comprehensive, coordinated, multidisciplinary, interagency system for infants and toddlers with developmental disabilities or delays in their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Individuals with Disabilities Education Act of 2004";
- 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 broad representation of families who are receiving services with the county system.

The Harrison Family and Children First Council was organized with the required statutory membership on March 1, 1996.

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

**B. Accounting Basis**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. The 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.

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

**HARRISON FAMILY AND CHILDREN FIRST COUNCIL  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Cash and Investment**

As required by the Ohio Revised Code, the Council's cash is held by the Harrison Hills City School District Treasurer, who acts as a custodian for the Council's monies. The Council's assets are held in the District's cash and investment pool and are valued at the School District's reported carrying value.

**D. 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 is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following significant special revenue fund.

*Help Me Grow Fund* – This fund receives a blended pool of state and federal grant funds to be used for an early intervention program to aid children ages one through three for developing social skills and interaction with other children.

*Temporary Assistance for Needy Families/Early Start* – This fund receives intergovernmental revenue used to assist families in becoming self-sufficient.

**E. Budgetary Process**

The Ohio Revised Code requires that the Council prepare an annual budget and file it with its administrative agent. This annual budget includes estimated receipts and disbursements.

**F. 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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Harrison Hills City School District maintains a cash pool used by all the district's funds, including those of the Harrison 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 School District at December 31, 2009 was \$24,939. The Harrison Hills City School District treasurer, as the ultimate fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the school district's pooled and deposit accounts. District funds on deposit as of December 31, 2009 were fully collateralized as defined under section 135.37, Ohio Revised Code.

**HARRISON FAMILY AND CHILDREN FIRST COUNCIL  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**3. RETIREMENT SYSTEM**

The Council employee belongs to the Ohio Public Employees Retirement System (OPERS). 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 2009 OPERS members contributed 10% of their gross salaries and the Council contributed an amount equaling 14%, of participants' gross salaries. The Council has paid all contributions required through December 31, 2009.

**4. RISK MANAGEMENT**

The Council is insured for general liability and casualty through the Harrison Hills City School District. The Harrison Hills City School District maintains comprehensive insurance coverage through the Ohio School Plan via Harcum-Hyre Insurance Agency.

**5. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the council are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



# Dave Yost • Auditor of State

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

Harrison Family and Children First Council  
Harrison County  
115 West Warren Street  
Cadiz, Ohio 43907

To the Council:

We have audited the financial statements of the Harrison Family and Children First Council, Harrison County, (the Council) as of and for the year ended December 31, 2009, and have issued our report thereon dated January 25, 2011, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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### **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 note certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated January 25, 2011.

We intend this report solely for the information and use of management, and the members of the Council. We intend it for no one other than these specified parties.

**Dave Yost**  
Auditor of State

January 25, 2011

**HARRISON FAMILY AND CHILDREN FIRST COUNCIL  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009**

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

**FINDING NUMBER 2009-001**

**Material Weakness**

Audit adjustments from prior audit were not posted to the Council's ledgers and cash journal, resulting in inaccurate beginning January 1, 2009 balances. The Fiscal Officer did not reconcile book balances to depository balances on a monthly basis. In addition, the Fiscal Officer did not correctly post some receipts and disbursements in 2009 which resulted in the following adjustments to the financial statements. The Council's Fiscal Officer has agreed to and posted the adjustments to the accounting records. The corrected amounts are reflected in the accompanying financial statements.

| Fund Name    | Account Type  | Amount   | Description   |
|--------------|---|----------|---|
| General      | Fund Balance  | \$807    | Beginning fund balance was decreased to accurately reflect the prior year's audited balance   |
| General      | Other Revenue                                       | \$747    | Other Revenue was increased to account for revenue not posted                                 |
| Help Me Grow | Fund Balance  | \$60     | Beginning fund balance was increased to accurately reflect the prior year's audited balance   |
| Help Me Grow | Intergovernmental Revenue<br>Salaries Disbursements | \$12,933 | Intergovernmental revenue and salaries disbursements were decreased, as both were overstated. |

Failure to consistently follow internal controls and a uniform chart of accounts increase the possibility that the Council will not be able to identify, assemble, analyze, classify, record and report its transactions correctly.

The Council should develop internal controls over the Council's reporting system, which will support the integrity of the Council's financial records and reports. Specifically, the Fiscal Officer should reconcile book balances to the bank balances monthly and the reconciliations should be reviewed by management. When inaccuracies occur in the reconciliation process, the reasons for the differences should be determined and corrected at that time. The Fiscal Officer should maintain the accounting system to enable the Council to identify, assemble, analyze, classify, record and report all transactions and to maintain accountability.

**Officials' Response:**

We did not receive a response from officials to this finding.

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**HARRISON FAMILY CHILDREN FIRST COUNCIL  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009**

| <b>Finding Number</b> | <b>Finding Summary</b>   | <b>Fully Corrected?</b> | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i> |
|-----------------------|--|-------------------------|--|
| 2008-001              | Material Weakness – weakness in financial reporting system lead to adjustments | Partially               | Re-issued as Finding 2009-01   |

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# Dave Yost • Auditor of State

**HARRISON FAMILY AND CHILDREN FIRST COUNCIL**

**HARRISON 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  
APRIL 7, 2011**