



Dave Yost • Auditor of State

**HARRISON FAMILY AND CHILDREN FIRST COUNCIL
HARRISON COUNTY
JUNE 30, 2016 AND 2015**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis for the Year Ended June 30, 2016	3
Basic Financial Statements for the Year Ended June 30, 2016:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis.....	9
Statement of Activities – Cash Basis	10
Fund Financial Statements:	
Balance Sheet – Cash Basis	
Governmental Funds.....	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances	
Governmental Funds.....	12
Statement of Revenues, Expenditures and Changes in	
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	
General Fund	13
Help Me Grow-GRF	14
Help Me Grow-MIECHV Grant.....	15
Notes to the Basic Financial Statements for the Year Ended June 30, 2016.....	17
Management's Discussion and Analysis for the Year Ended June 30, 2015	29
Basic Financial Statements for the Year Ended June 30, 2015:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis.....	35
Statement of Activities – Cash Basis	36
Fund Financial Statements:	
Balance Sheet – Cash Basis	
Governmental Funds.....	37
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances	
Governmental Funds.....	38
Statement of Revenues, Expenditures and Changes in	
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	
General Fund	39
Help Me Grow-GRF	40
Help Me Grow-Part C.....	41
Help Me Grow-MIECHV Grant.....	42

HARRISON FAMILY AND CHILDREN FIRST COUNCIL
HARRISON COUNTY
JUNE 30, 2016 AND 2015

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Notes to the Basic Financial Statements for the Year Ended June 30, 2015.....	43
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	57
Schedule of Findings	59
Summary Schedule of Prior Audit Findings (Prepared by Management).....	60
Corrective Action Plan (Prepared by Management)	61



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Harrison Family and Children First Council
Harrison County
730 Peppard Avenue
Cadiz, Ohio 43907

To the Council:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Harrison Family and Children First Council, Harrison County, Ohio (the Council), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Harrison Family and Children First Council, Harrison County, Ohio, as of June 30, 2016 and 2015, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Help Me Grow-GRF, Help Me Grow Part C, and Help Me Grow-MIECHV Grant Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2015, the Council has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the Table of Contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

March 17, 2017

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

The management's discussion and analysis of the Harrison County Family and Children First Council's (the "Council") financial performance provides an overall review of the Council's financial activities for the year ended June 30, 2016, within the limitations of the Council's cash basis of accounting. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- The total net cash position of the governmental activities increased \$54,931, which represents a 172.47% increase from fiscal year 2015.
- The Council had \$553,341 in cash disbursements related to governmental activities; 107.08% of these cash disbursements were offset by program specific grants or contributions. The Council had additional general revenues of \$15,750 for fiscal year 2016.
- The Council's major funds are the general fund, Help Me Grow - GRF fund, and the Help Me Grow – MIECHV fund.
- The general fund had cash receipts of \$15,750 in 2016. The cash disbursements of the general fund totaled \$13,257 in 2016. The general fund's cash balance increased \$2,493 from 2015 to 2016.
- The Help Me Grow – GRF fund had cash receipts and other financing sources of \$198,046 in 2016. The cash disbursements and other financing uses of the Help Me Grow – GRF fund totaled \$190,079 in 2016. The fund's cash balance increased \$7,967 from 2015 to 2016.
- The Help me Grow – MIECHV fund had cash receipts of \$341,912 in 2016. The cash disbursements and other financing uses of the Help Me Grow – MIECHV totaled \$305,215 in 2016. The fund ended fiscal year 2016 with a cash balance of \$36,697.

Using these Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Council's cash basis of accounting.

The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole Council, presenting both an aggregate view of the Council's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Council's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Council, the general fund, Help Me Grow - GRF fund, and the Help Me Grow – MIECHV fund are the major governmental funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Reporting the Council as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2016?" These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Council's net position and changes in net cash position on a cash basis. This change in net cash position is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Council's facility conditions, mandated federal and State programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received, but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis, the governmental activities includes the Council's programs and services including administration and support services as well as various community and social services.

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis can be found on pages 9-10 of this report.

Reporting the Council's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Council has no proprietary or fiduciary funds.

Fund financial reports provide detailed information about the Council's major funds. The Council uses several funds to account for its financial transactions. However, these financial statements focus on the Council's most significant funds. The Council's major governmental funds are the General Fund, Help Me Grow - GRF Fund, and the Help Me Grow - MIECHV Fund. The analysis of the Council's major governmental funds begins on page 6.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Governmental Funds

The Council's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Council's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Council programs. Since the Council is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 11-15 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-28 of this report.

Government-Wide Financial Analysis

Recall that the statement of net position - cash basis provides the perspective of the Council as a whole.

The table below provides a summary of the Council's net cash position for 2016 and 2015.

	Net Cash Position	Net Cash Position
	Governmental Activities 2016	Governmental Activities 2015
	<u> </u>	<u> </u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 86,781	\$ 31,850
Total assets	<u>86,781</u>	<u>31,850</u>
<u>Net Position</u>		
Restricted	82,996	30,558
Unrestricted	3,785	1,292
Total net position	<u>\$ 86,781</u>	<u>\$ 31,850</u>

The total net cash position of the Council's governmental activities increased \$54,931 from fiscal year 2015. The balance of government-wide unrestricted net cash position is a balance of \$3,785.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

The table below shows the changes in net cash position for fiscal year 2016 and 2015.

	Governmental Activities 2016	Governmental Activities 2015
Cash Receipts:		
Program cash receipts:		
Operating grants and contributions	\$ 592,522	\$ 409,570
Total program cash receipts	<u>592,522</u>	<u>409,570</u>
General cash receipts:		
Grants and entitlements not restricted for specific programs	15,750	15,750
Total general cash receipts	<u>15,750</u>	<u>15,750</u>
Total cash receipts	<u>608,272</u>	<u>425,320</u>
Cash Disbursements:		
Personal services	251,909	272,713
Employee retirement and insurance	129,317	119,207
Purchased services	140,025	90,207
Materials and supplies	29,935	20,491
Other	2,155	8,809
Total cash disbursements	<u>553,341</u>	<u>511,427</u>
Change in net cash position	54,931	(86,107)
Net cash position at beginning of year	<u>31,850</u>	<u>117,957</u>
Net cash position at end of year	<u>\$ 86,781</u>	<u>\$ 31,850</u>

Governmental Activities

Governmental cash position increased \$54,931 in 2016 from 2015. Total governmental cash disbursements of \$553,341 were offset by program cash receipts of \$592,522. The Council also had general revenues of \$15,750.

The largest cash disbursement of the Council is for personal services. These cash disbursements totaled \$251,909 or 45.53% of total governmental cash disbursements for fiscal year 2016.

Financial Analysis of the Government's Funds

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Council's governmental funds are accounted for using the cash basis of accounting.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

The Council's governmental funds reported a combined fund cash balance of \$86,781, which is \$54,931 above last year's total of \$31,850. The schedule on the following page indicates the fund cash balance and the total change in fund cash balance as of June 30, 2016 and 2015, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>June 30, 2016</u>	Fund Cash Balance <u>June 30, 2015</u>	<u>Change</u>
Major Funds:			
General	\$ 3,785	\$ 1,292	\$ 2,493
Help Me Grow - GRF	34,274	26,307	7,967
Help Me Grow - MIECHV	36,697	-	36,697
Other Nonmajor Governmental Funds	<u>12,025</u>	<u>4,251</u>	<u>7,774</u>
Total	<u>\$ 86,781</u>	<u>\$ 31,850</u>	<u>\$ 54,931</u>

General Fund

The general fund had cash receipts of \$15,750 in 2016. The cash disbursements of the general fund totaled \$13,257 in 2016. The general fund's cash balance increased \$2,493 from 2015 to 2016.

Help Me Grow - GRF

The Help Me Grow - GRF fund had cash receipts and other financing sources of \$198,046 in 2016. The cash disbursements and other financing uses of the Help Me Grow - GRF fund totaled \$190,079 in 2016. The Help Me Grow - GRF fund's cash balance increased \$7,967 from 2015 to 2016.

Help Me Grow - MIECHV

The Help Me Grow - MIECHV Fund had cash receipts of \$341,912 in 2016. The cash disbursements and other financing uses of the Help Me Grow - MIECHV fund totaled \$305,215 in 2016. The Help Me Grow - MIECHV Fund ended the year with a balance of \$36,697.

Capital Assets and Debt Administration

Capital Assets

The Council does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

Debt Administration

The Council had no long-term debt obligations outstanding at June 30, 2016 or June 30, 2015.

Current Financial Related Activities

The Council is reviewed by its members and the community to determine how they can realize efficiency and service gap filling. Agencies are challenged to improve the way services are delivered by striving towards a seamless service delivery system. The Council is constantly assessing needs of its members and acting to facilitate the provision of services cost-effectively.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Contacting the Council's Financial Management

This financial report is designed to provide our citizens with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Roxane Harding, Treasurer, Harrison Hills City School District, 730 Peppard Avenue, Cadiz, Ohio 43907.

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF NET POSITION - CASH BASIS

JUNE 30, 2016

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents. . . .	<u>\$ 86,781</u>
Net position:	
Restricted for:	
Family Centered Services and Support	\$ 6,049
Help Me Grow.	76,947
Unrestricted.	<u>3,785</u>
Total net position.	<u>\$ 86,781</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Cash</u>	<u>Program Revenues</u>	<u>Net (Disbursements) Receipts</u>
	<u>Disbursements</u>	<u>Operating Grants</u>	<u>and Changes in Net Position</u>
		<u>and Contributions</u>	<u>Governmental</u>
			<u>Activities</u>
Governmental activities:			
Personal services	\$ 251,909	\$ 273,233	\$ 21,324
Employees retirement and insurance	129,317	138,868	9,551
Purchased services	140,025	144,257	4,232
Materials and supplies	29,935	34,248	4,313
Other	2,155	1,916	(239)
	<hr/>	<hr/>	<hr/>
Totals	\$ 553,341	\$ 592,522	\$ 39,181
General revenues:			
Grants and entitlements not restricted to specific programs			<hr/> 15,750
Total general revenues			<hr/> 15,750
Change in net position			54,931
Net position at beginning of year			<hr/> 31,850
Net position at end of year			<hr/> <hr/> \$ 86,781

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u>	<u>Help Me Grow - GRF</u>	<u>Help Me Grow - MIECHV Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents.	\$ 3,785	\$ 34,274	\$ 36,697	\$ 12,025	\$ 86,781
Total assets	<u>3,785</u>	<u>34,274</u>	<u>36,697</u>	<u>12,025</u>	<u>86,781</u>
Fund balances:					
Restricted:					
Family Centered Services and Support	-	-	-	6,049	6,049
Help Me Grow.	-	34,274	36,697	5,976	76,947
Unassigned	<u>3,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,785</u>
Total fund balances	<u>\$ 3,785</u>	<u>\$ 34,274</u>	<u>\$ 36,697</u>	<u>\$ 12,025</u>	<u>\$ 86,781</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Help Me Grow - GRF	Help Me Grow - MIECHV Grant	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:					
Contributions and donations	\$ -	\$ 1,170	\$ -	\$ -	\$ 1,170
Intergovernmental - State	15,750	165,221	-	46,574	227,545
Intergovernmental - Federal	-	-	341,912	37,645	379,557
Total receipts	<u>15,750</u>	<u>166,391</u>	<u>341,912</u>	<u>84,219</u>	<u>608,272</u>
Disbursements:					
Current:					
Personal services	1,874	48,631	170,023	31,381	251,909
Employees retirement and insurance	286	34,524	81,760	12,747	129,317
Purchased services	10,858	77,127	17,662	34,378	140,025
Materials and supplies	-	4,200	17,659	8,076	29,935
Other	239	1,916	-	-	2,155
Total disbursements	<u>13,257</u>	<u>166,398</u>	<u>287,104</u>	<u>86,582</u>	<u>553,341</u>
Excess of receipts over (under) disbursements	<u>2,493</u>	<u>(7)</u>	<u>54,808</u>	<u>(2,363)</u>	<u>54,931</u>
Other financing sources (uses):					
Advances in	-	31,655	-	23,681	55,336
Advances (out)	-	<u>(23,681)</u>	<u>(18,111)</u>	<u>(13,544)</u>	<u>(55,336)</u>
Total other financing sources (uses)	<u>-</u>	<u>7,974</u>	<u>(18,111)</u>	<u>10,137</u>	<u>-</u>
Net change in fund balances	2,493	7,967	36,697	7,774	54,931
Fund balances at beginning of year	<u>1,292</u>	<u>26,307</u>	<u>-</u>	<u>4,251</u>	<u>31,850</u>
Fund balances at end of year	<u>\$ 3,785</u>	<u>\$ 34,274</u>	<u>\$ 36,697</u>	<u>\$ 12,025</u>	<u>\$ 86,781</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental - state	\$ 15,750	\$ 15,750	\$ 15,750	\$ -
Total receipts.	<u>15,750</u>	<u>15,750</u>	<u>15,750</u>	<u>-</u>
Disbursements:				
Personal services.	1,748	1,874	1,874	-
Employees retirement and insurance	267	286	286	-
Purchased services.	10,165	10,899	10,899	-
Other.	<u>369</u>	<u>396</u>	<u>396</u>	<u>-</u>
Total disbursements	<u>12,549</u>	<u>13,455</u>	<u>13,455</u>	<u>-</u>
Net change in fund balance	3,201	2,295	2,295	-
Fund balance at beginning of year	1,231	1,231	1,231	-
Prior year encumbrances appropriated	<u>61</u>	<u>61</u>	<u>61</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,493</u>	<u>\$ 3,587</u>	<u>\$ 3,587</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HELP ME GROW - GRF
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
From local sources:				
Contributions and donations	\$ 1,000	\$ 1,170	\$ 1,170	\$ -
Intergovernmental.	141,250	165,221	165,221	-
Total receipts.	<u>142,250</u>	<u>166,391</u>	<u>166,391</u>	<u>-</u>
Disbursements:				
Personal services.	38,631	48,632	54,485	(5,853)
Employees retirement and insurance	27,425	35,375	38,680	(3,305)
Purchased services.	61,266	84,303	86,411	(2,108)
Materials and supplies	3,337	3,750	4,706	(956)
Other.	1,522	4,174	2,147	2,027
Total disbursements	<u>132,181</u>	<u>176,234</u>	<u>186,429</u>	<u>(10,195)</u>
Excess of cash receipts over (under) cash disbursements.	<u>10,069</u>	<u>(9,843)</u>	<u>(20,038)</u>	<u>(10,195)</u>
Other financing sources (uses):				
Advances in.	31,655	31,655	31,655	-
Advances (out)	(23,681)	(23,681)	(23,681)	-
Total other financing sources (uses)	<u>7,974</u>	<u>7,974</u>	<u>7,974</u>	<u>-</u>
Net change in fund balance	18,043	(1,869)	(12,064)	(10,195)
Fund balance at beginning of year	12,907	12,907	12,907	-
Prior year encumbrances appropriated	13,400	13,400	13,400	-
Fund balance at end of year	<u>\$ 44,350</u>	<u>\$ 24,438</u>	<u>\$ 14,243</u>	<u>\$ (10,195)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HELP ME GROW - MIECHV GRANT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$ 409,231	\$ 341,911	\$ 341,911	\$ -
Total receipts.	<u>409,231</u>	<u>341,911</u>	<u>341,911</u>	<u>-</u>
Disbursements:				
Personal services.	32,287	172,156	172,156	-
Employees retirement and insurance	15,526	82,786	82,786	-
Purchased services.	3,354	17,884	17,884	-
Materials and supplies	<u>3,354</u>	<u>17,881</u>	<u>17,881</u>	<u>-</u>
Total disbursements	<u>54,521</u>	<u>290,707</u>	<u>290,707</u>	<u>-</u>
Excess of cash receipts over cash disbursements	<u>354,710</u>	<u>51,204</u>	<u>51,204</u>	<u>-</u>
Other financing uses:				
Advances (out)	<u>(18,111)</u>	<u>(18,111)</u>	<u>(18,111)</u>	<u>-</u>
Total other financing	<u>(18,111)</u>	<u>(18,111)</u>	<u>(18,111)</u>	<u>-</u>
Net change in fund balance	336,599	33,093	33,093	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year.	<u>\$ 336,599</u>	<u>\$ 33,093</u>	<u>\$ 33,093</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY

A. Description of the Entity

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

- a. At least three individuals who are not employed by an agency represented on the council and 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 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. If a board of alcohol, drug addiction, and mental health services covers 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 or 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 public children services agency;
- 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 commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 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"; and,

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY - (Continued)

- 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. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a countywide, comprehensive, coordinated, multidisciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
- e. Maintain an accountability system to monitor the Council's progress in achieving its purposes; and,
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Harrison County Family and Children First Council's (the "Council") management believes these financial statements present all activities for which the Council is financially accountable.

1. Council Membership

The County's Council membership included Children's Services, Board of Alcohol Drug Addiction and Mental Health Services; Board of Mental Retardation and Developmental Disabilities, and the Juvenile Court. The purpose of the Family and Children First Council is to identify ways in which the Child Serving System can provide services to the community in the most efficient and effective manner. A Council Director has been hired to administer all of the Council's Programs. Because these programs affect all of the agencies within the Council membership, the salary of this employee is paid from the State administrative grant received by the Council and pooled funding derived from each of the Council agencies in the County. Grant Administration Appropriations are utilized toward the Council Director's salary.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY - (Continued)

2. Executive Finance Committee

The Executive Finance Committee is a governing and policy making body. The Council is responsible for determining the need for staff positions pursuant to established goals, objectives, and policy statements. The committee is responsible for the creation of all standing committees and task groups of the Council.

B. Reporting Entity

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all fund, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity, which provides various services including human, social, health and educational services to families and children. The Council, the Executive Finance Committee, and the Director have direct responsibility for these activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

The Council's Basic Financial Statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Council as a whole. These statements include the financial activities of the primary government.

The Statement of Net Position presents the financial condition of the governmental activities of the Council at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Council, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Council.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

3. Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council utilizes the governmental category of funds.

4. Governmental Funds

Governmental funds are those through which most governmental functions of the Council typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Council's major governmental funds:

General Fund - The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio and the by-laws of the Council.

Help Me Grow and (GRF) Fund - This fund is used to account for State Help Me Grow grant monies.

Help Me Grow MIECHV – This fund is used to account for Maternal, Infant, and Childhood Home Visiting grant monies.

The other governmental funds of the Council account for grants and other resources whose use is restricted for a particular purpose.

5. Measurement Focus

The Council has elected to present its financial statements on a cash basis of accounting. The basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

6. Basis of Accounting

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

B. Cash

As required by Ohio Revised Code, the Harrison Hills City School District (the "District") is custodian for the Council's cash. The Council's assets are held in the District's cash and investment pool, and are valued at the District Treasurer's reported carrying amount.

C. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. Acquisitions of property are not reflected as an asset under the basis of accounting the Council uses.

D. Long-term Debt Obligations

The Council did not have any bonds or other long-term debt obligations.

E. Net Position

These statements report restricted net position when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

F. Budgetary Process

Ohio Revised Code Section 121.37(5)(A) requires the Council to file an annual budget with its administrative agent which is the Harrison Hills City School District. The budget can be amended throughout the year by the Council. The legal level of budgetary control has been established by Council at the fund, function level.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the estimated receipts and disbursements when the original budget was adopted by the Council. The amounts reported as the final budgeted amounts on the budgetary statements reflect the final estimated receipts and disbursements adopted by Council.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payment for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Council uses.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

NOTE 3 - CASH AND CASH EQUIVALENTS

The Council's cash pool is maintained by the Harrison Hills City School District. The Ohio Revised Code prescribes allowable deposits and investments, and the District is responsible for meeting compliance. The Council's carrying amount of cash on deposit at June 30, 2016 was \$86,781.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis of accounting as provided by law is based on accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - (Non-GAAP Budgetary Basis) is presented for 2016 are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and cash basis is the outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as reservation of fund balance (cash basis).

NOTE 5 - INTERFUND BALANCES

Unpaid interfund cash advances at June 30, 2016 were as follows:

	<u>Receivable</u>	<u>Payable</u>
Help Me Grow GRF	\$ 23,681	\$ 31,655
Help Me Grow MIECHV	18,111	-
Nonmajor governmental	<u>13,544</u>	<u>23,681</u>
Total	<u>\$ 55,336</u>	<u>\$ 55,336</u>

NOTE 6 - PENSION PLANS

Net Pension Liability

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 6 - PENSION PLANS - (Continued)

The net pension liability represents the Council’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Council’s obligation for this liability to annually required payments. The Council cannot control benefit terms or the manner in which pensions are financed; however, the Council does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The Council non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 6 - PENSION PLANS - (Continued)

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Council is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the employer contribution rate was allocated to the Health Care Fund.

The Council's contractually required contribution to SERS was \$35,267 for fiscal year 2016.

Net Pension Liability

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Council's proportion of the net pension liability was based on the Council's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS
Proportionate share of the net pension liability	\$505,331
Proportion of the net pension liability	0.00885598%

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 6 - PENSION PLANS - (Continued)

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage inflation	3.25 percent
Future salary increases, including inflation	4.00 percent to 22 percent
COLA or ad hoc COLA	3 percent
Investment rate of return	7.75 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 6 - PENSION PLANS - (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Council's proportionate share of the net pension liability	\$700,712	\$505,331	\$340,804

Changes Between Measurement Date and Report Date - In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Council's net pension liability is expected to be significant.

NOTE 7 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Health Care Plan Description - The Council contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 7 - POSTEMPLOYMENT BENEFITS – (Continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no portion of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The Council's contributions for health care for the fiscal years ended June 30, 2016, and 2015, were \$0 and \$2,236, respectively. 100 percent has been contributed for fiscal year 2015.

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The Council is covered under the Harrison Hills City School District's (the "District") insurance policy. Coverage is provided under this policy included general liability, employee liability, and employers' liability. There has been no significant change in coverage from last year. Settled claims have not exceeded this commercial coverage in any of the past three years.

B. Health Insurance

The Council's employees are covered under the District's health insurance plan. The Council pays monthly premiums to the District for employee medical benefits.

NOTE 9 - CONTINGENCIES

A. Grants

The Council received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at June 30, 2016.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(CONTINUED)

NOTE 9 – CONTINGENCIES (CONTINUED)

B. Litigation

There are currently no matters in litigation with the Council as defendant.

NOTE 10 - OTHER COMMITMENTS

The Council utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year disbursements and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Council's commitments for encumbrances in the governmental funds were as follows:

	Year-End
General fund	\$ 198
Help Me Grow - GRF	20,030
FCSS	6,049
MIECHV	<u>3,604</u>
Total	<u>\$ 29,881</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

The management's discussion and analysis of the Harrison County Family and Children First Council's (the "Council") financial performance provides an overall review of the Council's financial activities for the year ended June 30, 2015, within the limitations of the Council's cash basis of accounting. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- The total net cash position of the governmental activities decreased \$86,107, which represents a 73.00% decrease from fiscal year 2014.
- The Council had \$511,427 in cash disbursements related to governmental activities; 80.90% of these cash disbursements were offset by program specific grants or contributions. General revenues of \$15,750 were not adequate to cover disbursements for fiscal year 2015.
- The Council's major funds are the General Fund, Help Me Grow - GRF Fund, Help Me Grow- Part C Fund, and the Help Me Grow - MIECHV.
- The General Fund had cash receipts of \$15,750 in 2015. The cash disbursements of the General Fund totaled \$17,384 in 2015. The General Fund's cash balance decreased \$1,634 from 2014 to 2015.

Using these Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Council's cash basis of accounting.

The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole Council, presenting both an aggregate view of the Council's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Council's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Council, the General Fund, Help Me Grow - GRF Fund, Help Me Grow- Part C Fund, and the Help Me Grow - MIECHV Fund are the major governmental funds.

Reporting the Council as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2015?" These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

These two statements report the Council's net position and changes in net cash position on a cash basis. This change in net cash position is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Council's facility conditions, mandated federal and State programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received, but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis, the governmental activities includes the Council's programs and services including administration and support services as well as various community and social services.

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis can be found on pages 35-36 of this report.

Reporting the Council's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Council has no proprietary or fiduciary funds.

Fund financial reports provide detailed information about the Council's major funds. The Council uses several funds to account for its financial transactions. However, these financial statements focus on the Council's most significant funds. The Council's major governmental funds are the General Fund, Help Me Grow - GRF Fund, Help Me Grow- Part C Fund, and the Help Me Grow - MIECHV Fund. The analysis of the Council's major governmental funds begins on page 32.

Governmental Funds

The Council's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Council's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Council programs. Since the Council is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 37-42 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-55 of this report.

Government-Wide Financial Analysis

Recall that the statement of net position - cash basis provides the perspective of the Council as a whole.

The table below provides a summary of the Council's net cash position for 2015.

	Net Cash Position
	Governmental Activities 2015
<u>Assets</u>	
Equity in pooled cash and cash equivalents	\$ 31,850
Total assets	31,850
<u>Net Position</u>	
Restricted	30,558
Unrestricted	1,292
Total net position	\$ 31,850

The total net cash position of the Council's governmental activities decreased \$86,107 from fiscal year 2014. The balance of government-wide unrestricted net cash position is a balance of \$1,292.

The table below shows the changes in net cash position for fiscal year 2015.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Change in Net Cash Position

	Governmental Activities 2015
Cash Receipts:	
Program cash receipts:	
Operating grants and contributions	\$ 409,570
Total program cash receipts	409,570
General cash receipts:	
Grants and entitlements not restricted for specific programs	15,750
Total general cash receipts	15,750
Total cash receipts	425,320
 Cash Disbursements:	
Personal services	272,713
Employee retirement and insurance	119,207
Purchased services	90,207
Materials and supplies	20,491
Other	8,809
Total cash disbursements	511,427
Change in net cash position	(86,107)
Net cash position at beginning of year	117,957
Net cash position at end of year	\$ 31,850

Governmental Activities

Governmental cash position decreased \$86,107 in 2015 from 2014. Total governmental cash disbursements of \$511,427 were offset by program cash receipts of \$409,570. The Council also had general revenues of \$15,750.

The largest cash disbursement of the Council is for personal services. These cash disbursements totaled \$272,713 or 53.32% of total governmental cash disbursements for fiscal year 2015.

Financial Analysis of the Government's Funds

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Governmental Funds

The Council's governmental funds are accounted for using the cash basis of accounting.

The Council's governmental funds reported a combined fund cash balance of \$31,850, which is \$86,107 below last year's total of \$117,957. The schedule on the following page indicates the fund cash balance and the total change in fund cash balance as of June 30, 2015 and 2014, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>June 30, 2015</u>	Fund Cash Balance <u>June 30, 2014</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ 1,292	\$ 2,926	\$ (1,634)
Help Me Grow - GRF	26,307	106,317	(80,010)
Help Me Grow - Part C	3,984	-	3,984
Help Me Grow - MIECHV	-	4,626	(4,626)
Other Nonmajor Governmental Funds	<u>267</u>	<u>4,088</u>	<u>(3,821)</u>
Total	<u>\$ 31,850</u>	<u>\$ 117,957</u>	<u>\$ (86,107)</u>

General Fund

The General Fund had cash receipts of \$15,750 in 2015. The cash disbursements of the General Fund totaled \$17,384 in 2015. The General Fund's cash balance decreased \$1,634 from 2014 to 2015.

Help Me Grow - GRF

The Help Me Grow - GRF Fund had cash receipts of \$166,714 in 2015. The cash disbursements of the Help Me Grow - GRF Fund totaled \$222,568 in 2015. The Help Me Grow - GRF Fund's cash balance decreased \$80,010 from 2014 to 2015.

Help Me Grow - Part C

The Help Me Grow - Part C Fund had cash receipts of \$44,940 in 2015. The cash disbursements of the Help Me Grow - Part C Fund totaled \$50,322. The Help Me Grow - Part C Fund's cash balance increased \$3,984 from 2014 to 2015, with an ending balance of \$3,984.

Help Me Grow - MIECHV

The Help Me Grow - MIECHV Fund had cash receipts of \$157,445 in 2015. The cash disbursements of the Help Me Grow - MIECHV Fund totaled \$180,183 in 2015. The Help Me Grow - MIECHV Fund ended the year with a balance of \$0.

Capital Assets and Debt Administration

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Capital Assets

The Council does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

Debt Administration

The Council had no long-term debt obligations outstanding at June 30, 2015 or June 30, 2014.

Current Financial Related Activities

The Council is reviewed by its members and the community to determine how they can realize efficiency and service gap filling. Agencies are challenged to improve the way services are delivered by striving towards a seamless service delivery system. The Council is constantly assessing needs of its members and acting to facilitate the provision of services cost-effectively.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Roxane Harding, Treasurer, Harrison Hills City School District, 730 Peppard Avenue, Cadiz, Ohio 43907.

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF NET POSITION - CASH BASIS

JUNE 30, 2015

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents. . . .	<u>\$ 31,850</u>
Net position:	
Restricted for:	
Help Me Grow.	30,558
Unrestricted.	1,292
Total net position.	<u>\$ 31,850</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Cash</u>	<u>Program Revenues</u>	<u>Net (Disbursements) Receipts</u>
	<u>Disbursements</u>	<u>Operating Grants</u>	<u>and Changes in Net Position</u>
		<u>and Contributions</u>	<u>Governmental</u>
			<u>Activities</u>
Governmental activities:			
Personal services	\$ 272,713	\$ 226,320	\$ (46,393)
Employees retirement and insurance.	119,207	98,333	(20,874)
Purchased services.	90,207	65,162	(25,045)
Materials and supplies	20,491	14,680	(5,811)
Other.	8,809	5,075	(3,734)
	<hr/>	<hr/>	<hr/>
Totals	\$ 511,427	\$ 409,570	\$ (101,857)
	<hr/>	<hr/>	<hr/>
General revenues:			
Grants and entitlements not restricted to specific programs			<hr/> 15,750
Total general revenues			<hr/> 15,750
Change in net position			(86,107)
Net position at beginning of year			<hr/> 117,957
Net position at end of year.			<hr/> <hr/> \$ 31,850

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Help Me Grow - GRF</u>	<u>Help Me Grow - Part C</u>	<u>Help Me Grow - MIECHV Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in pooled cash and cash equivalents.	\$ 1,292	\$ 26,307	\$ 3,984	\$ -	\$ 267	\$ 31,850
Total assets	<u>1,292</u>	<u>26,307</u>	<u>3,984</u>	<u>-</u>	<u>267</u>	<u>31,850</u>
Fund balances:						
Restricted:						
Help Me Grow.	-	26,307	3,984	-	267	30,558
Unassigned	1,292	-	-	-	-	1,292
Total fund balances	<u>\$ 1,292</u>	<u>\$ 26,307</u>	<u>\$ 3,984</u>	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ 31,850</u>

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Help Me Grow - GRF</u>	<u>Help Me Grow - Part C</u>	<u>Help Me Grow - MIECHV Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:						
Contributions and donations	\$ -	\$ 3,892	\$ -	\$ -	\$ -	\$ 3,892
Intergovernmental - State	15,750	153,333	\$ 20,636	-	27,330	217,049
Intergovernmental - Federal	-	9,489	\$ 24,304	157,445	13,141	204,379
Total receipts	<u>15,750</u>	<u>166,714</u>	<u>44,940</u>	<u>157,445</u>	<u>40,471</u>	<u>425,320</u>
Disbursements:						
Current:						
Personal services	8,254	91,199	32,068	122,302	18,890	272,713
Employees retirement and insurance	2,954	46,075	9,680	57,003	3,495	119,207
Purchased services	4,040	68,528	8,574	-	9,065	90,207
Materials and supplies	100	9,993	-	878	9,520	20,491
Other	2,036	6,773	-	-	-	8,809
Total disbursements	<u>17,384</u>	<u>222,568</u>	<u>50,322</u>	<u>180,183</u>	<u>40,970</u>	<u>511,427</u>
Excess of receipts (under) disbursements	<u>(1,634)</u>	<u>(55,854)</u>	<u>(5,382)</u>	<u>(22,738)</u>	<u>(499)</u>	<u>(86,107)</u>
Other financing sources (uses):						
Advances in	-	-	9,366	18,112	4,178	31,656
Advances (out)	-	(24,156)	-	-	(7,500)	(31,656)
Total other financing sources (uses)	<u>-</u>	<u>(24,156)</u>	<u>9,366</u>	<u>18,112</u>	<u>(3,322)</u>	<u>-</u>
Net change in fund balances	(1,634)	(80,010)	3,984	(4,626)	(3,821)	(86,107)
Fund balances at beginning of year	<u>2,926</u>	<u>106,317</u>	<u>-</u>	<u>4,626</u>	<u>4,088</u>	<u>117,957</u>
Fund balances at end of year	<u>\$ 1,292</u>	<u>\$ 26,307</u>	<u>\$ 3,984</u>	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ 31,850</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental.	\$ 15,750	\$ 15,750	\$ 15,750	\$ -
Other local revenues.	-	-	-	-
Total receipts.	<u>15,750</u>	<u>15,750</u>	<u>15,750</u>	<u>-</u>
Disbursements:				
Current:				
Personal services.	7,535	8,759	8,315	444
Employees retirement and insurance	2,677	3,125	2,954	171
Purchased services.	3,661	2,125	4,040	(1,915)
Materials and supplies	91	150	100	50
Other.	1,845	2,077	2,036	41
Total disbursements	<u>15,809</u>	<u>16,236</u>	<u>17,445</u>	<u>(1,209)</u>
Net change in fund balance.	(59)	(486)	(1,695)	(1,209)
Fund balance at beginning of year	886	886	886	-
Prior year encumbrances appropriated	2,040	2,040	2,040	-
Fund balance at end of year	<u>\$ 2,867</u>	<u>\$ 2,440</u>	<u>\$ 1,231</u>	<u>\$ (1,209)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HELP ME GROW - GRF
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Contributions and donations	\$ 3,892	\$ 3,892	\$ 3,892	\$ -
Intergovernmental.	162,822	162,822	162,822	-
Total receipts.	<u>166,714</u>	<u>166,714</u>	<u>166,714</u>	<u>-</u>
Disbursements:				
Personal services.	83,973	91,197	96,688	(5,491)
Employees retirement and insurance	42,425	46,075	48,849	(2,774)
Purchased services.	63,099	66,034	72,653	(6,619)
Materials and supplies	9,202	8,112	10,595	(2,483)
Other.	6,237	6,485	7,181	(696)
Total disbursements	<u>204,936</u>	<u>217,903</u>	<u>235,966</u>	<u>(18,063)</u>
Excess of expenditures (under) revenues.	<u>(38,222)</u>	<u>(51,189)</u>	<u>(69,252)</u>	<u>(18,063)</u>
Other financing sources (uses):				
Advances in.	12,136	12,136	12,136	-
Advances (out)	<u>(31,521)</u>	<u>(36,294)</u>	<u>(36,294)</u>	<u>-</u>
Total other financing sources (uses)	<u>(19,385)</u>	<u>(24,158)</u>	<u>(24,158)</u>	<u>-</u>
Net change in fund balance	(57,607)	(75,347)	(93,410)	(18,063)
Fund balance at beginning of year	89,072	89,072	89,072	-
Prior year encumbrances appropriated . .	<u>17,245</u>	<u>17,245</u>	<u>17,245</u>	<u>-</u>
Fund balance at end of year	<u>\$ 48,710</u>	<u>\$ 30,970</u>	<u>\$ 12,907</u>	<u>\$ (18,063)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HELP ME GROW - PART C
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental.	\$ 44,940	\$ 44,940	\$ 44,940	\$ -
Total receipts.	<u>44,940</u>	<u>44,940</u>	<u>44,940</u>	<u>-</u>
Disbursements:				
Current:				
Personal services.	30,973	32,068	32,068	-
Employees retirement and insurance	9,350	9,680	9,680	-
Purchased services.	<u>12,130</u>	<u>12,558</u>	<u>12,558</u>	<u>-</u>
Total disbursements	<u>52,453</u>	<u>54,306</u>	<u>54,306</u>	<u>-</u>
Excess of expenditures (under) revenues.	<u>(7,513)</u>	<u>(9,366)</u>	<u>(9,366)</u>	<u>-</u>
Other financing sources:				
Advances in.	<u>9,366</u>	<u>9,366</u>	<u>9,366</u>	<u>-</u>
Total other financing sources	<u>9,366</u>	<u>9,366</u>	<u>9,366</u>	<u>-</u>
Net change in fund balance	1,853	-	-	-
Fund balance (deficit) at beginning of year	(1,050)	(1,050)	(1,050)	-
Prior year encumbrances appropriated	<u>1,050</u>	<u>1,050</u>	<u>1,050</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HARRISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 HELP ME GROW - MIECHV GRANT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$ 90,110	\$ 157,445	\$ 157,445	\$ -
Total receipts.	<u>90,110</u>	<u>157,445</u>	<u>157,445</u>	<u>-</u>
Disbursements:				
Current:				
Personal services.	78,616	122,302	122,302	-
Employees retirement and insurance	36,641	57,003	57,003	-
Materials and supplies	<u>564</u>	<u>878</u>	<u>878</u>	<u>-</u>
Total disbursements	<u>115,821</u>	<u>180,183</u>	<u>180,183</u>	<u>-</u>
Excess of expenditures (under) revenues	<u>(25,711)</u>	<u>(22,738)</u>	<u>(22,738)</u>	<u>-</u>
Other financing:				
Advances in.	<u>10,366</u>	<u>18,112</u>	<u>18,112</u>	<u>-</u>
Total other financing	<u>10,366</u>	<u>18,112</u>	<u>18,112</u>	<u>-</u>
Net change in fund balance	(15,345)	(4,626)	(4,626)	-
Fund balance at beginning of year	4,626	4,626	4,626	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance (deficit) at end of year.	<u>\$ (10,719)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY

A. Description of the Entity

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

- a. At least three individuals who are not employed by an agency represented on the council and 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 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. If a board of alcohol, drug addiction, and mental health services covers 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 or 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 public children services agency;
- 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 commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 of the Revised Code;

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY - (Continued)

- 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"; and,
- 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. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a countywide, comprehensive, coordinated, multidisciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
- e. Maintain an accountability system to monitor the Council's progress in achieving its purposes; and,
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Harrison County Family and Children First Council's (the "Council") management believes these financial statements present all activities for which the Council is financially accountable.

1. Council Membership

The County's Council membership included Children's Services, Board of Alcohol Drug Addiction and Mental Health Services; Board of Mental Retardation and Developmental Disabilities, and the Juvenile Court. The purpose of the Family and Children First Council is to identify ways in which the Child Serving System can provide services to the community in the most efficient and effective manner. A Council Director has been hired to administer all of the Council's Programs. Because these programs affect all of the agencies within the Council membership, the salary of this employee is paid from the State administrative grant received by the Council and pooled funding derived from each of the Council agencies in the County. Grant Administration Appropriations are utilized toward the Council Director's salary.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY - (Continued)

2. Executive Finance Committee

The Executive Finance Committee is a governing and policy making body. The Council is responsible for determining the need for staff positions pursuant to established goals, objectives, and policy statements. The committee is responsible for the creation of all standing committees and task groups of the Council.

B. Reporting Entity

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all fund, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity, which provides various services including human, social, health and educational services to families and children. The Council, the Executive Finance Committee, and the Director have direct responsibility for these activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

The Council's Basic Financial Statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Council as a whole. These statements include the financial activities of the primary government.

The Statement of Net Position presents the financial condition of the governmental activities of the Council at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Council, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Council.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

3. Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council utilizes the governmental category of funds.

4. Governmental Funds

Governmental funds are those through which most governmental functions of the Council typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Council's major governmental funds:

General Fund - The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio and the by-laws of the Council.

Help Me Grow and (GRF) Fund - This fund is used to account for State Help Me Grow grant monies.

Help Me Grow Part C - This fund is used to account for State Help Me Grow Part C grant monies.

Help Me Grow MIECHV - This fund is used to account for Maternal, Infant, and Childhood Home Visiting grant monies.

The other governmental funds of the Council account for grants and other resources whose use is restricted for a particular purpose.

5. Measurement Focus

The Council has elected to present its financial statements on a cash basis of accounting. The basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

6. Basis of Accounting

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

B. Cash

As required by Ohio Revised Code, the Harrison Hills City School District (the "District") is custodian for the Council's cash. The Council's assets are held in the District's cash and investment pool, and are valued at the District Treasurer's reported carrying amount. Harrison County is the custodian of the cash held in the Children's Trust Fund for 2015 only. The County no longer served in this capacity for 2016.

C. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. Acquisitions of property are not reflected as an asset under the basis of accounting the Council uses.

D. Long-term Debt Obligations

The Council did not have any bonds or other long-term debt obligations.

E. Net Position

These statements report restricted net position when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

F. Budgetary Process

Ohio Revised Code Section 121.37(5)(A) requires the Council to file an annual budget with its administrative agent which is the Harrison Hills City School District. The budget can be amended throughout the year by the Council. The legal level of budgetary control has been established by Council at the fund, function level.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the estimated receipts and disbursements when the original budget was adopted by the Council. The amounts reported as the final budgeted amounts on the budgetary statements reflect the final estimated receipts and disbursements adopted by Council.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payment for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Council uses.

H. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

NOTE 3 - CASH AND CASH EQUIVALENTS

The Council's cash pool is maintained by the Harrison Hills City School District. The Ohio Revised Code prescribes allowable deposits and investments, and the District is responsible for meeting compliance. The Council's carrying amount of cash on deposit at June 30, 2015 was \$31,850.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis of accounting as provided by law is based on accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – (Non-GAAP Budgetary Basis) is presented for 2015 are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and cash basis is the outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as reservation of fund balance (cash basis).

NOTE 5 - INTERFUND BALANCES

Unpaid interfund cash advances at June 30, 2015 were as follows:

	<u>Receivable</u>	<u>Payable</u>
Help Me Grow Part C	\$ -	\$ 9,366
Help Me Grow GRF	24,156	-
Help Me Grow MIECHV	-	18,112
Nonmajor governmental	<u>7,500</u>	<u>4,178</u>
Total	<u>\$ 31,656</u>	<u>\$ 31,656</u>

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 6 - PENSION PLANS

Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective.

These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability represents the Council's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Council's obligation for this liability to annually required payments. The Council cannot control benefit terms or the manner in which pensions are financed; however, the Council does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The Council non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 6 - PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Council is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Council's contractually required contribution to SERS was \$41,710 for fiscal year 2015.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 6 - PENSION PLANS - (Continued)

Net Pension Liability

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Council's proportion of the net pension liability was based on the Council's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS
Proportionate share of the net pension liability	\$410,188
Proportion of the net pension liability	0.00810497%

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage inflation	3.25 percent
Future salary increases, including inflation	4.00 percent to 22 percent
COLA or ad hoc COLA	3 percent
Investment rate of return	7.75 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 6 - PENSION PLANS - (Continued)

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u><u>100.00 %</u></u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 6 - PENSION PLANS - (Continued)

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$585,216	\$410,188	\$262,974

NOTE 7 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Plan Description - The Council participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 (the latest information available) was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 7 - POSTEMPLOYMENT BENEFITS (CONTINUED)

School Employees Retirement System (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2015, 0.82 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the actuarially determined amount was \$20,450.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Council's contributions for health care (including surcharge) for the fiscal year ended June 30, 2015 was \$2,236; 100% percent has been contributed for fiscal year 2015.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2015, this actuarially required allocation was 0.74 percent of covered payroll.

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The Council is covered under the Harrison Hills City School District's (the "District") insurance policy. Coverage is provided under this policy included general liability, employee liability, and employers' liability. There has been no significant change in coverage from last year. Settled claims have not exceeded this commercial coverage in any of the past three years.

B. Health Insurance

The Council's employees are covered under the District's health insurance plan. The Council pays monthly premiums to the District for employee medical benefits.

**HARRISON HILLS CITY SCHOOL DISTRICT
HARRISON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 9 - CONTINGENCIES

A. Grants

The Council received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at June 30, 2015.

B. Litigation

There are currently no matters in litigation with the Council as defendant.

NOTE 10 - OTHER COMMITMENTS

The Council utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year disbursements and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Council's commitments for encumbrances in the governmental funds were as follows:

	Year-End
General fund	\$ 61
Help Me Grow - GRF	13,400
Help Me Grow - Part C	<u>3,984</u>
Total	<u>\$ 17,445</u>

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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
730 Peppard Avenue
Cadiz, Ohio 43907

To the Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Harrison Family and Children First Council, Harrison County, Ohio (the Council), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated March 17, 2017, wherein we noted the Council has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2016-001 to be 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, opining 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*.

Council's Response to Finding

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.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 17, 2017

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

**SCHEDULE OF FINDINGS
JUNE 30, 2016 AND 2015**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2016-001

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Council's receipts and expenditures were not always posted into accurate classifications. The following reclassifications were noted:

- In 2016 and 2015, the Council recorded \$15,000 and \$22,950, respectively, of the Ohio Children's Trust Fund Grant within the FCFC Children's Trust Fund to Other Local Receipts instead of Intergovernmental Receipts – State.
- In 2016 and 2015, the Council recorded \$18,573 and \$20,636, respectively, of state funding within the Help Me Grow Part C Fund as Intergovernmental Receipts - Federal instead of Intergovernmental Receipts – State.
- In 2016 and 2015, the Council recorded \$4,901 and \$4,380, respectively, of state funding within the Family Centered Services and Support Fund as Intergovernmental Receipts - Federal instead of Intergovernmental Receipts – State.
- In 2016, The Council recorded \$5,000 of a state grant within the Help Me Grow Smoking Cessation Fund to Intergovernmental - Federal receipts instead of Intergovernmental Receipts – State.
- In 2016, the Council recorded \$3,100 of a state grant within the MIECHV: CCS Fund to Intergovernmental - Federal receipts instead of Intergovernmental Receipts – State.
- The Council overstated revenues and expenditures of \$21,750 in the Help Me Grow Children's Trust Fund Other Local Receipts and Purchased Services Expenditures.

The reclassifications and adjustments noted above were agreed to by Council management and are reflected within the accompanying financial statements.

The Council should utilize available authoritative resources to appropriately classify receipt and expenditure transactions.

Officials' Response: See Corrective Action Plan on page 61.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Material Weakness – Receipt and Expenditure Classification	Planned Corrective Action	Not Corrected; Reissued as Finding No. 2016-001
2014-002	Material Weakness – GASB 54 Implementation for Fund Balance Classification	Fully Corrected	N/A.

HARRISON FAMILY AND CHILDREN FIRST COUNCIL
HARRISON COUNTY

CORRECTIVE ACTION PLAN
JUNE 30, 2016 AND 2015

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	The Council will monitor more closely when funds are received that they are categorized correctly as state and/or federal funds in order for correct posting to the books. In addition, we will work with Julian and Grube to make sure these are shown correctly on the financial report.	June 30, 2017	Roxane Harding, Treasurer

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HARRISON COUNTY 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 13, 2017**