



Mary Taylor, CPA
Auditor of State

HARRISON FAMILY AND CHILDREN FIRST COUNCIL
HARRISON COUNTY

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Mary Taylor, CPA
Auditor of State

Harrison Family and Children First Council
Harrison County
100 West Main Street
Cadiz, Ohio 43907

To the Council:

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 13, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Harrison Family and Children First Council
Harrison County
100 West Main Street
Cadiz, Ohio 43907

To the Council:

We have audited the accompanying financial statements of the Harrison Family and Children First Council, Harrison County, (the Council) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Harrison Family and Children First Council, Harrison County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2009, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 13, 2009

HARRISON FAMILY AND CHILDREN FIRST COUNCIL
HARRISON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2006

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts:			
Total Cash Receipts	\$27,289	\$253,793	\$281,082
Cash Disbursements:			
Total Cash Disbursements	37,697	314,193	351,890
Total Receipts Over/(Under) Disbursements:	(10,408)	(60,400)	(70,808)
Fund Cash Balances, January 1	32,131	96,289	128,420
Fund Cash Balances, December 31	\$21,723	\$35,889	\$57,612

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES**

FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts:			
Total Cash Receipts	\$22,355	\$293,101	\$315,456
Cash Disbursements:			
Total Cash Disbursements	42,687	327,207	369,894
Total Receipts Over/(Under) Disbursements	(20,332)	(34,106)	(54,438)
Fund Cash Balances, January 1	52,463	130,395	182,858
Fund Cash Balances, December 31	\$32,131	\$96,289	\$128,420

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

- a. At least three individuals whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty percent of the council's membership.
- b. The director of the board of alcohol, drug addiction, and mental health services that services the county, or in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards. If a board of alcohol, drug addiction, and mental health services more than one county, the director may designate a person to participate on the county's council.
- c. The health commissioner, or the commissioner's designee, of the board of health of each city and general health district in the county. If the county has two or more health districts, the health commissioner membership may be limited to the commissioners of the two districts with the largest populations.
- d. The director of the county department of job and family services.
- e. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code.
- f. The superintendent of the county board of mental retardation and developmental disabilities.
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each board of county commissioners of its determination at least biennially.
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts.
- i. A representative of the municipal corporation with the largest population in the county;
- j. The president of the board of county commissioners, or an individual designated by the board.
- k. A representative of the regional office of the department of youth services.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- i. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code.
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004".
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- c. Participate in the development of a countywide, comprehensive, coordinated, multidisciplinary, interagency system for infants and toddlers with developmental disabilities or delays in their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Individuals with Disabilities Education Act of 2004.";
- d. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- e. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services with the county system.

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

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

B. Accounting Basis

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Cash and Investment

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

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Temporary Assistance for Needy Families/Early Start – This fund receives intergovernmental revenue used to fund children programs such as the "help me grow" program.

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

E. Budgetary Process

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

F. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Harrison County Auditor maintains a cash pool used by all the county's funds, including those of the Harrison Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County at December 31, 2006 was \$57,610 and December 31, 2005 was \$128,420. The Harrison County Auditor and Harrison County Treasurer, as the ultimate fiscal agents for the Council, are responsible for maintaining adequate depository collateral for all funds in Harrison County's pooled and deposit accounts. County funds on deposit as of December 31, 2006 and 2005 were fully collateralized as defined under Section 135.37, Ohio Revised Code.

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

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

3. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9.00 and 8.5%, respectively, of their gross salaries and the Council contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Council has paid all contributions required through December 31, 2006.

4. RISK MANAGEMENT

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

5. CONTINGENT LIABILITIES

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



Mary Taylor, CPA

Auditor of State

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

Harrison Family and Children First Council
Harrison County
100 West Main Street
Cadiz, Ohio 43907

To the Council:

We have audited the financial statements of the Harrison Family and Children First Council, Harrison County, (the Council) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated November 13, 2009 wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

We consider finding 2006-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

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

We also noted certain internal control matters that we reported to the Council's management in a separate letter dated November 13, 2009.

Compliance and Other Matters

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

We did note a certain noncompliance or other matter that we reported to the Council's management in a separate letter dated November 13, 2009.

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

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



Mary Taylor, CPA
Auditor of State

November 13, 2009

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

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

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

FINDING NUMBER 2006-001

Material Weakness

An internal control system is necessary to reasonably assure that recorded transactions have occurred and are not fictitious. That includes maintaining sufficient documentation for all transactions and posting transactions accurately.

Weaknesses in the Council's financial reporting system are enumerated below:

- Council book balances were not reconciled to the County Auditor's (Fiscal Agent) book balances monthly.
- Inaccurate fund balances were carried in the cash journal maintained by the Council and balances could not be verified to the balances maintained by the County Auditor.
- Several transactions were not posted to the accounting records maintained by the Council or to the records maintained by the County Auditor.
- Several posted transactions were not coded and classified properly.

These weakness in the Council's financial reporting system resulted in adjustments to the financial statements. The Council and the Fiscal Agent have agreed to and posted the adjustments to the Council's accounting records and to the Fiscal Agent's accounting records. The corrected amounts are reflected in the accompanying financial statements.

Fund Name	Account Type	Amount	Description
2005			
Wellness Block Grant	Expenditures	\$3,423	Expenditures were increased.
Targeted Assistance to Needy Families	Expenditures	\$62,127	Expenditures were increased.
2006			
General	Revenue	\$9,283	Revenue was decreased.
General	Expenditures	\$6,387	Expenditures were decreased.
Help Me Grow	Revenue	\$69,432	Revenue was increased.
Help Me Grow	Expenditures	\$109,127	Expenditures were increased.

The Council should carefully review these weaknesses and develop internal controls over the Council's reporting system which will support the integrity of the Council's financial records and reports. Specifically the following procedures should be considered.

- The Council's Clerk should reconcile book balances to the book balances maintained by the County Auditor monthly.
- When inaccuracies occur in the reconciliation process, the reasons for the differences should be determined and corrected at that time.
- All transactions should be posted to the accounting records maintained by the Council and to the accounting records maintained by the County Auditor.
- All transactions should be coded and classified properly.
- Reconciliations should be periodically reviewed by management.

Officials' Response:

Finding #2006-001 will be rectified by a total change in the financial internal control system of the Council. The Harrison Hill City School District became the Harrison County Family and Children First Council fiscal agent as of July 1, 2009.

This will assure that the internal control weakness identified in these findings will not be perpetuated.

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

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Material weakness for the improper classification of receipts and disbursements	No	Reissued as Finding 2006-001



Mary Taylor, CPA
Auditor of State

**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
MARCH 4, 2010**