



Dave Yost • Auditor of State



**CLERMONT COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
CLERMONT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Clermont County Family and Children First Council  
Clermont County  
2337 Clermont Center Drive  
Batavia, Ohio 45103

To the Executive Committee:

### ***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 Clermont County Family and Children First Council, Clermont County, Ohio (the Council), as of and for the years ended December 31, 2017 and 2016, 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 such 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 Clermont County Family and Children First Council, Clermont County, Ohio, as of December 31, 2017 and 2016, and the respective changes in cash financial position 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.

**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 it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2018, 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

June 11, 2018

**Clermont County Family and Children First Council**  
**Clermont County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
Unaudited

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The discussion and analysis of the Clermont 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 December 31, 2017, within the limitations of the Council's cash basis 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 basic financial statements and notes to the basic financial statements to enhance their understanding of the Council's financial performance.

### **Highlights**

Key highlights for the year 2017 are as follows:

- The net position of the Council is \$1,153,472. Of this amount, \$960,683 (unrestricted) may be used to meet the Council's ongoing programs.
- The Council's revenue decreased by \$145,505 due to a decrease in local contributions provided to the Council.

### **Using the Basic Financial Statements**

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Council as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Council has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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.

**Clermont County Family and Children First Council**  
**Clermont County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
Unaudited

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**Reporting the Council as a Whole**

The statement of net position and the statement of activities reflect how the Council did financially during 2017, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Council at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Council's general receipts.

These statements report the Council's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Council's financial health. Over time, increases or decreases in the Council's cash position is one indicator of whether the Council's financial health is improving or deteriorating. When evaluating the Council's financial condition, you should also consider other nonfinancial factors such as the Council's reliance on nonlocal financial resources for the operations and the need for continued growth will also need to be evaluated.

**Reporting the Council's Most Significant Funds**

Fund Financial Statements

Fund financial statements provide detailed information about the Council's major funds – not the Council as a whole. The Council establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Council are split into the following category:

Governmental Funds - All of the Council's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Council's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Council's programs. The Council's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Council's major governmental funds are the General Fund and the Help Me Grow Special Revenue Fund.

*Notes to the Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements begin on page 12 of this report.



**Clermont County Family and Children First Council**  
**Clermont County**  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2017  
 Unaudited

**Government-wide Financial Analysis**

Table 1 provides a summary of the Council's net assets for 2017 compared to 2016.

Table 1  
**Net Position**

	Governmental Activities	
	2017	2016
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,153,472	\$ 1,223,208
<b>Net Position</b>		
Restricted:		
Grants	192,789	52,702
Unrestricted	960,683	1,170,506
<i>Total Net Position</i>	<u>\$ 1,153,472</u>	<u>\$ 1,223,208</u>

Table 2 provides a summary of the changes in net assets for 2017 compared to 2016.

Table 2  
**Changes in Net Position**

	Governmental Activities	
	2017	2016
Program Cash Receipts:		
Operating Grants and Contributions	\$ 760,398	\$ 905,903
<i>Total Revenues</i>	760,398	905,903
Cash Disbursements		
Human Services	830,134	836,841
<i>Total Cash Disbursements</i>	830,134	836,841
<i>Increase (Decrease) in Net Position</i>	(69,736)	69,062
Beginning Net Position	1,223,208	1,154,146
Ending Net Position	<u>\$ 1,153,472</u>	<u>\$ 1,223,208</u>

*Governmental Activities*

The Council's governmental activities include promoting and facilitating communication and collaboration among Clermont County child and family serving agencies to ensure that Clermont County infants, children, adolescents and their families receive appropriate and responsive services to enable youth to develop adequate skills in preparation for a successful adulthood. Some of these services are: Help Me Grow provides prenatal support, newborn home visits, service to children with developmental concerns, and on-going home visitation, and Family Centered Services & Supports (FCSS) focuses on maintaining children and youth (ages of 0 through 21) in their own homes and communities by providing non-clinical home based services and support. Operating grants and contributions decreased by \$145,505 due to a decrease in local contributions.

**Clermont County Family and Children First Council**  
**Clermont County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
Unaudited

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**Financial Analysis of the Council's Funds**

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

Governmental Funds: The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Council's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$1,153,472. Of this amount, \$895,601 constitutes unassigned fund balance, which is available for spending.

The General Fund is the chief operating fund of the Council. At the end of the current fiscal year, unassigned fund balance of the general fund was \$895,601. Expenditures exceeded revenues in the General Fund by \$201,323 in 2017 due to a decrease in the contributions received from other local agencies and an increase in salaries and benefits. Contributions – Governmental accounts for 64% of revenues in the General Fund. Contributions - Governmental consists of local contributions from Clermont County Board of Developmental Disabilities, Clermont County Mental Health and Recovery Board, Clermont County General Health Council, Clermont County Department of Job and Family Services, Clermont County Board of County Commissioners, and the Clermont County Juvenile Court. The money received is used for the general operations of the Council.

The Help Me Grow Special Revenue Fund received \$484,113 in Help Me Grow grant money for the Help Me Grow program which provides prenatal support, newborn home visits, and services to children with developmental concerns, and on-going home visitation. This is \$27,104 more than the grant money received in 2016.

**Economic Factors and Next Year's Budget**

Clermont County has experienced growth in the participation of its programs. The Council maintains a conservative approach to spending while maximizing its revenues. The Council will have to review alternative methods of intergovernmental funding, since the State of Ohio's fiscal condition continues to remain uncertain and the Council's portion of state-based program revenue may be affected by the fiscal year 2019 State budget bill.

All of these factors were considered in the preparation of the Council's 2017 budget. In keeping the above factors in mind, the Council has maintained a conservative 2018 budget.

**Clermont County Family and Children First Council**  
**Clermont County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
Unaudited

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**Requests for Information**

This financial report is designed to provide our citizens, creditors, and investors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Judy Eschmann, Executive Director, 2400 Clermont Center Drive, Batavia, Ohio 45103, (513)732-7212.

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**Clermont County Family and Children First Council**  
**Clermont County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2017*

	<b>Governmental Activities</b>
<b>ASSETS:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,153,472
<i>Total Assets</i>	1,153,472
 <b>NET POSITION</b>	
Restricted for Grants	192,789
Unrestricted	960,683
<i>Total Net Position</i>	\$ 1,153,472

See accompanying notes to the basic financial statements

**Clermont County Family and Children First Council**  
**Clermont County**  
*Statement of Activities- Cash Basis*  
*For the Year Ended December 31, 2017*

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash</u> <u>Receipts</u>	<u>Net</u> <u>(Disbursements)</u> <u>Receipts and</u> <u>Changes in Net</u> <u>Position</u>
		<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities:			
<i>Current:</i>			
Human Services	\$ 830,134	\$ 760,398	\$ (69,736)
<i>Total Governmental Activities</i>	<u>\$ 830,134</u>	<u>\$ 760,398</u>	<u>(69,736)</u>
<i>Total General Revenues</i>			<u>0</u>
<i>Change in Net Position</i>			(69,736)
<i>Net Position Beginning of Year</i>			<u>1,223,208</u>
<i>Net Position End of Year</i>			<u>\$ 1,153,472</u>

See accompanying notes to the basic financial statements

**Clermont County Family and Children First Council**  
**Clermont County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2017*

	<u>General Fund</u>	<u>HELP ME GROW</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 940,683	\$ 126,453	\$ 86,336	\$ 1,153,472
<i>Total Assets</i>	<u>\$ 940,683</u>	<u>\$ 126,453</u>	<u>\$ 86,336</u>	<u>\$ 1,153,472</u>
<b>FUND BALANCES:</b>				
Restricted for Grants	0	126,453	66,336	192,789
Committed for Human Services	0	0	20,000	20,000
Assigned for Encumbrances	45,082	0	0	45,082
Unassigned	895,601	0	0	895,601
<i>Total Fund Balances</i>	<u>\$ 940,683</u>	<u>\$ 126,453</u>	<u>\$ 86,336</u>	<u>\$ 1,153,472</u>

See accompanying notes to the basic financial statements

**Clermont County Family and Children First Council**  
**Clermont County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2017*

	<u>General Fund</u>	<u>HELP ME GROW</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>RECEIPTS:</b>				
Intergovernmental	\$ 15,750	\$ 484,113	\$ 32,821	\$ 532,684
Charges for Services	71,478	0	0	71,478
Contributions - Governmental	156,236	0	0	156,236
<i>Total Receipts</i>	<u>243,464</u>	<u>484,113</u>	<u>32,821</u>	<u>760,398</u>
<b>DISBURSEMENTS</b>				
Current:				
Human Services	444,787	379,907	5,440	830,134
<i>Total Disbursements</i>	<u>444,787</u>	<u>379,907</u>	<u>5,440</u>	<u>830,134</u>
<i>Net Change in Fund Balance</i>	(201,323)	104,206	27,381	(69,736)
<i>Fund Balance at Beginning of Year</i>	<u>1,142,006</u>	<u>22,247</u>	<u>58,955</u>	<u>1,223,208</u>
<i>Fund Balance at End of Year</i>	<u>\$ 940,683</u>	<u>\$ 126,453</u>	<u>\$ 86,336</u>	<u>\$ 1,153,472</u>

See accompanying notes to the basic financial statements



**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2017**

**1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY**

**A. Description of the Entity**

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

- a. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County;
- b. The Health Commissioner of the Board of Health of each City or General Health District in the County, or their designees;
- c. The Director of the County Department of Jobs and Family Services;
- d. The Executive Director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
- e. The Superintendent or the Superintendent's designee of the County Board of Developmental Disabilities.
- f. 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 Ohio Department of Education, which shall notify each County of its determination at least biennially;
- g. 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;
- h. A representative of the municipal corporation with the largest population in the County;
- i. The Chair of the Board of County Commissioners, or an individual designated by the Board;
- j. A representative of the regional office of the Ohio Department of Youth Services.
- k. A representative of the County's Head Start agencies, as defined in section 3301.31 of the Ohio Revised Code;
- l. 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;"
- m. 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;
- n. A representative of the local nonprofit entity that funds, advocates, or provides services to children and families.

**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2017**

**1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY (Continued)**

A County Family and Children First Council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the Council.

The purpose of the County Council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a County Council shall provide the following:

- a. Referrals to the Cabinet Council those children for whom the County Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation in the development of a county-wide comprehensive, coordinated, multi-disciplinary, 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 "Individuals with Disabilities Education Act of 2004";
- d. Maintenance of an accountability system to monitor the Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

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

As required by generally accepted accounting principles, the financial statements present the Council (the primary government). The primary government includes all funds, departments, and boards for which the Council is financially accountable. The Council does not have any component units.

**B. Cabinet**

The Ohio Family and Children First Initiative of Clermont County was established in 1993. This organization served as a county council; however, it lacked council membership as required by Ohio Rev Code Section 121.37. In July of 1996, the Clermont County Children's Cabinet added the necessary membership to become a county council. Although legally a county council, the Council continues to refer to themselves as "the Cabinet."

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in the "Basis of Accounting" section of this note, 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 most significant of the Council's accounting policies are described below.

**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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.

**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 for the Council at year end. The statement of activities presents a comparison between disbursements and program receipts for each program or function of the Council's governmental activities. Disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular program. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions. The comparison of disbursements with program receipts identifies the extent to which each governmental program is self-financing or draws from the general receipts of the Council.

**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 financial statements is on major funds. Each major fund is presented in a separate column.

**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 funds of the Council are presented in one category; governmental.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the Council are financed. Governmental fund reporting focuses on the sources, use and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Council's major governmental funds:

**General Fund**

This fund accounts for the general operating revenues and expenditures of the Council not recorded elsewhere. 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.

**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Help Me Grow Special Revenue Fund**

This fund is used to account for revenues and expenditures of programs that provide time-limited assistance to families with children so that the children can be cared for in their own homes or in the homes of relatives; and dependence of parents on government benefits by promoting job preparation, work, and marriage; prevent and reduce out-of-wedlock pregnancies, including establishing prevention and reduction goals; and encourage the formation and maintenance of two-parent families.

**Fiscal Agent and Administrative Agent**

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Clermont County Auditor serves as the Council's fiscal agent on a contractual basis. The Clermont County Department of Job and Family Services is the administrative agent. Council funds are maintained on the accounting system of the County. Council records are balanced with the County records on a monthly basis.

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. Except for modifications having substantial support, receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Council are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain 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.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Budgetary Process**

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The Council filed an estimate of financial resources and an appropriation measure with the Clermont County Mental Health and Recovery Board as required by Ohio law.

**Deposits and Investments**

The County Treasurer is the custodian for all funds received in the name of the Council. Deposits of monies are made with the County Treasurer and fund expenditures and balances are reported through the County Auditor. The County's cash pool holds the Council's cash and cash investments. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the County Treasurer's carrying amount. Deposit disclosures for the County as a whole may be obtained from the Clermont County Auditor, Linda L. Fraley, 101 E. Main Street, Batavia, Ohio, 45103, [www.clermontauditor.org](http://www.clermontauditor.org), (513)732-7150.

**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**Accumulated Leave**

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

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**Restricted** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Council resolutions).

Enabling legislation authorizes the Council to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Council can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Council. Those committed amounts cannot be used for any other purpose unless the Council remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Council or by State Statute.

**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Net Position**

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Council's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**3. RISK MANAGEMENT**

The Council is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Arthur J. Gallagher Risk Management Services Inc. administers all Council real and personal property, comprehensive general liability including law enforcement liability and public officials' liability, blanket crime coverage, fleet insurance, and a comprehensive boiler and machinery coverage.

Other than blanket crime, coroner's professional liability and boiler and machinery, all coverage falls under the Council's protected self-insurance program. Travelers Indemnity Company provides an \$1,000,000 per occurrence limit Liability Package for general liability, automobile liability, law enforcement liability, public entity management liability and a \$2,000,000 limit for Employment Practices Liability. Affiliated FM Insurance Company provides a \$150,000,000 per occurrence limit for real and personal property coverage. Coverage in the protected self-insurance program is subject to the following per occurrence retentions/deductibles: Property - \$50,000 deductible; Automobile - \$25,000 retention; All Other Liability \$100,000 retention; Combined Maximum (Liability) - \$100,000 retention; Maximum per Year (Liability) - \$350,000 retention.

Zurich American Insurance Company provides the Council's boiler & machinery coverage with limits up to \$50,000,000 subject to a \$5,000 deductible. Travelers Casualty and Surety Company of America provides the Council's crime insurance with limits up to \$500,000 for dishonest acts of employees subject to a \$5,000 deductible and limits up to \$75,000 for theft, disappearance or destruction of money and securities. Evanston Insurance Company provides coroner's professional liability with a limit of \$1,000,000 subject to a \$10,000 deductible. Settled claims have not exceeded this commercial coverage in any of the past 5 years.

The Council is included in the Ohio Bureau of Workers' Compensation (BWC) Retrospective Rating Program which provides for a 40% reduction in premium for assuming some of the claims payment risks. To lessen the potential financial risks, the Council established through the BWC both an individual claims occurrence "cap" of \$200,000 and a maximum premium claims "cap" of 150% of annual payment. The Council pays to BWC this reduced premium and the claims costs as billed. The Department pays into the Council's Workers' Compensation fund an allocated portion of the Council's premium and claims based on the Department's salaries and claims history.

**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2017**

**4. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

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**Clermont County Family and Children First Council**  
**Clermont County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

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The discussion and analysis of the Clermont 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 December 31, 2016, within the limitations of the Council's cash basis 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 basic financial statements and notes to the basic financial statements to enhance their understanding of the Council's financial performance.

### **Highlights**

Key highlights for the year 2016 are as follows:

- The net position of the Council is \$1,223,208. Of this amount, \$1,162,006 (unrestricted) may be used to meet the Council's ongoing programs.
- The Council's administrative agent changed on July 1, 2016 from the Clermont County Mental Health and Recovery Board to the Clermont County Department of Job and Family Services.

### **Using the Basic Financial Statements**

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Council as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Council has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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.

**Clermont County Family and Children First Council**  
**Clermont County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

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### **Reporting the Council as a Whole**

The statement of net position and the statement of activities reflect how the Council did financially during 2016, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Council at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Council's general receipts.

These statements report the Council's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Council's financial health. Over time, increases or decreases in the Council's cash position is one indicator of whether the Council's financial health is improving or deteriorating. When evaluating the Council's financial condition, you should also consider other nonfinancial factors such as the Council's reliance on nonlocal financial resources for the operations and the need for continued growth will also need to be evaluated.

### **Reporting the Council's Most Significant Funds**

#### **Fund Financial Statements**

Fund financial statements provide detailed information about the Council's major funds – not the Council as a whole. The Council establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Council are split into the following category:

Governmental Funds - All of the Council's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Council's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Council's programs. The Council's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Council's major governmental funds are the General Fund and the Help Me Grow Special Revenue Fund.

*Notes to the Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements begin on page 12 of this report.

**Clermont County Family and Children First Council**  
**Clermont County**  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2016  
 Unaudited

**Government-wide Financial Analysis**

Table 1 provides a summary of the Council's net assets for 2016 compared to 2015.

Table 1  
**Net Position**

	Governmental Activities	
	2016	2015
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,223,208	\$ 1,154,146
<b>Net Position</b>		
Restricted:		
Grants	61,202	75,132
Unrestricted	1,162,006	1,079,014
<i>Total Net Position</i>	\$ 1,223,208	\$ 1,154,146

Table 2 provides a summary of the changes in net assets for 2016 compared to 2015.

Table 2  
**Changes in Net Position**

	Governmental Activities	
	2016	2015
Program Cash Receipts:		
Operating Grants and Contributions	\$ 905,903	\$ 917,364
<i>Total Revenues</i>	905,903	917,364
Cash Disbursements		
Human Services	836,841	872,183
<i>Total Cash Disbursements</i>	836,841	872,183
<i>Increase (Decrease) in Net Position</i>	69,062	45,181
Beginning Net Position	1,154,146	1,108,965
Ending Net Position	\$ 1,223,208	\$ 1,154,146

*Governmental Activities*

The Council's governmental activities include promoting and facilitating communication and collaboration among Clermont County child and family serving agencies to ensure that Clermont County infants, children, adolescents and their families receive appropriate and responsive services to enable youth to develop adequate skills in preparation for a successful adulthood. Some of these services are: Help Me Grow provides prenatal support, newborn home visits, service to children with developmental concerns, and on-going home visitation, and Family Centered Services & Supports (FCSS) focuses on maintaining children and youth (ages of 0 through 21) in their own homes and communities by providing non-clinical home based services and support. Operating grants and contributions decreased slightly and expenses decreased by \$35,342 due to the discontinuation of the Ohio Children's Trust Fund.

**Clermont County Family and Children First Council**  
**Clermont County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

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**Financial Analysis of the Council's Funds**

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

Governmental Funds: The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Council's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$1,223,208. Of this amount, \$1,121,584 constitutes unassigned fund balance, which is available for spending.

The General Fund is the chief operating fund of the Council. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,121,584. Revenues exceeded expenditures in the General Fund by \$82,992 in 2016 due to revenue received from the Clermont County Mental Health and Recovery Board for a grant that the services are performed by the Council. Contributions – Governmental accounts for 77% of revenues in the General Fund. Contributions - Governmental consists of local contributions from Clermont County Board of Developmental Disabilities, Clermont County Mental Health and Recovery Board, Clermont County General Health Council, Clermont County Department of Job and Family Services, Clermont County Board of County Commissioners, and the Clermont County Juvenile Court. The money received is used for the general operations of the Council.

The Help Me Grow Special Revenue Fund received \$457,009 in Help Me Grow grant money for the Help Me Grow program which provides prenatal support, newborn home visits, and services to children with developmental concerns, and on-going home visitation. This is \$42,274 less than the grant money received in 2015.

**Economic Factors and Next Year's Budget**

Clermont County has experienced growth in the participation of its programs. The Council maintains a conservative approach to spending while maximizing its revenues. The Council will have to review alternative methods of intergovernmental funding, since the State of Ohio's fiscal condition continues to remain uncertain and the Council's portion of state-based program revenue may be affected by the fiscal year 2018 State budget bill.

All of these factors were considered in the preparation of the Council's 2016 budget. In keeping the above factors in mind, the Council has maintained a conservative 2017 budget.

**Clermont County Family and Children First Council**  
**Clermont County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

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**Requests for Information**

This financial report is designed to provide our citizens, creditors, and investors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Judy Eschmann, Executive Director, 2400 Clermont Center Drive, Batavia, Ohio 45103, (513)732-7212.

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**Clermont County Family and Children First Council**  
**Clermont County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2016*

	<u>General Fund</u>	<u>HELP ME GROW</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,142,006	\$ 22,247	\$ 58,955	\$ 1,223,208
<i>Total Assets</i>	<u>\$ 1,142,006</u>	<u>\$ 22,247</u>	<u>\$ 58,955</u>	<u>\$ 1,223,208</u>
<b>FUND BALANCES:</b>				
Restricted for Grants	0	22,247	38,955	61,202
Committed for Human Services	0	0	20,000	20,000
Assigned for Encumbrances	20,422	0	0	20,422
Unassigned	1,121,584	0	0	1,121,584
<i>Total Fund Balances</i>	<u>\$ 1,142,006</u>	<u>\$ 22,247</u>	<u>\$ 58,955</u>	<u>\$ 1,223,208</u>

See accompanying notes to the basic financial statements

**Clermont County Family and Children First Council**  
**Clermont County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	<u>General Fund</u>	<u>HELP ME GROW</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>RECEIPTS:</b>				
Intergovernmental	\$ 15,750	\$ 457,009	\$ 77,512	\$ 550,271
Charges for Services	71,202	0	0	71,202
Contributions - Governmental	284,430	0	0	284,430
<i>Total Receipts</i>	<u>371,382</u>	<u>457,009</u>	<u>77,512</u>	<u>905,903</u>
<b>DISBURSEMENTS</b>				
Current:				
Human Services	<u>288,390</u>	<u>482,037</u>	<u>66,414</u>	<u>836,841</u>
<i>Total Disbursements</i>	<u>288,390</u>	<u>482,037</u>	<u>66,414</u>	<u>836,841</u>
<i>Net Change in Fund Balance</i>	82,992	(25,028)	11,098	69,062
<i>Fund Balance at Beginning of Year</i>	<u>1,059,014</u>	<u>47,275</u>	<u>47,857</u>	<u>1,154,146</u>
<i>Fund Balance at End of Year</i>	<u><u>\$ 1,142,006</u></u>	<u><u>\$ 22,247</u></u>	<u><u>\$ 58,955</u></u>	<u><u>\$ 1,223,208</u></u>

See accompanying notes to the basic financial statements



**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2016**

**1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY**

**A. Description of the Entity**

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

- a. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County;
- b. The Health Commissioner of the Board of Health of each City or General Health District in the County, or their designees;
- c. The Director of the County Department of Jobs and Family Services;
- d. The Executive Director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
- e. The Superintendent or the Superintendent's designee of the County Board of Developmental Disabilities.
- f. 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 Ohio Department of Education, which shall notify each County of its determination at least biennially;
- g. 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;
- h. A representative of the municipal corporation with the largest population in the County;
- i. The Chair of the Board of County Commissioners, or an individual designated by the Board;
- j. A representative of the regional office of the Ohio Department of Youth Services.
- k. A representative of the County's Head Start agencies, as defined in section 3301.31 of the Ohio Revised Code;
- l. 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;"
- m. 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;
- n. A representative of the local nonprofit entity that funds, advocates, or provides services to children and families.

**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2016**

**1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY (Continued)**

A County Family and Children First Council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the Council.

The purpose of the County Council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a County Council shall provide the following:

- a. Referrals to the Cabinet Council those children for whom the County Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation in the development of a county-wide comprehensive, coordinated, multi-disciplinary, 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 "Individuals with Disabilities Education Act of 2004";
- d. Maintenance of an accountability system to monitor the Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

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

As required by generally accepted accounting principles, the financial statements present the Council (the primary government). The primary government includes all funds, departments, and boards for which the Council is financially accountable. The council does not have any component units.

**B. Cabinet**

The Ohio Family and Children First Initiative of Clermont County was established in 1993. This organization served as a county council; however, it lacked council membership as required by Ohio Rev Code Section 121.37. In July of 1996, the Clermont County Children's Cabinet added the necessary membership to become a county council. Although legally a county council, the Council continues to refer to themselves as "the Cabinet."

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in the "Basis of Accounting" section of this note, 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 most significant of the Council's accounting policies are described below.

**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation**

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.

**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 for the Council at year end. The statement of activities presents a comparison between disbursements and program receipts for each program or function of the Council's governmental activities. Disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular program. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions. The comparison of disbursements with program receipts identifies the extent to which each governmental program is self-financing or draws from the general receipts of the Council.

**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 financial statements is on major funds. Each major fund is presented in a separate column.

**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 funds of the Council are presented in one category; governmental.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the Council are financed. Governmental fund reporting focuses on the sources, use and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Council's major governmental funds:

**General Fund**

This fund accounts for the general operating revenues and expenditures of the Council not recorded elsewhere. 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.

**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Help Me Grow Special Revenue Fund**

This fund is used to account for revenues and expenditures of programs that provide time-limited assistance to families with children so that the children can be cared for in their own homes or in the homes of relatives; and dependence of parents on government benefits by promoting job preparation, work, and marriage; prevent and reduce out-of-wedlock pregnancies, including establishing prevention and reduction goals; and encourage the formation and maintenance of two-parent families.

**Fiscal Agent and Administrative Agent**

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Clermont County Auditor serves as the Council's fiscal agent on a contractual basis. The Clermont County Mental Health & Recovery Board served as administrative agent until June 30, 2016. On July 1, 2016, the Clermont County Department of Job and Family Services became the administrative agent. Council funds are maintained on the accounting system of the County. Council records are balanced with the County records on a monthly basis.

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. Except for modifications having substantial support, receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Council are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain 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.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Budgetary Process**

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The Council filed an estimate of financial resources and an appropriation measure with the Clermont County Mental Health and Recovery Board as required by Ohio law.

**Deposits and Investments**

The County Treasurer is the custodian for all funds received in the name of the Council. Deposits of monies are made with the County Treasurer and fund expenditures and balances are reported through the County Auditor. The County's cash pool holds the Council's cash and cash investments. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the County Treasurer's carrying amount. Deposit disclosures for the County as a whole may be obtained from the Clermont County Auditor, Linda L. Fraley, 101 E. Main Street, Batavia, Ohio, 45103, [www.clermontauditor.org](http://www.clermontauditor.org), (513)732-7150.

**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**Accumulated Leave**

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

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**Restricted** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Council resolutions).

Enabling legislation authorizes the Council to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Council can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Council. Those committed amounts cannot be used for any other purpose unless the Council remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Council or by State Statute.

**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Net Position**

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Council's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**3. RISK MANAGEMENT**

The Council is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Arthur J. Gallagher Risk Management Services Inc. administers all Council real and personal property, comprehensive general liability including law enforcement liability and public officials' liability, blanket crime coverage, fleet insurance, and a comprehensive boiler and machinery coverage.

Other than blanket crime, coroner's professional liability and boiler and machinery, all coverage falls under the Council's protected self-insurance program. Travelers Indemnity Company provides an \$1,000,000 per occurrence limit Liability Package for general liability, automobile liability, law enforcement liability, public entity management liability and a \$2,000,000 limit for Employment Practices Liability. Affiliated FM Insurance Company provides a \$150,000,000 per occurrence limit for real and personal property coverage. Coverage in the protected self-insurance program is subject to the following per occurrence retentions/deductibles: Property - \$50,000 deductible; Automobile - \$25,000 retention; All Other Liability \$100,000 retention; Combined Maximum (Liability) - \$100,000 retention; Maximum per Year (Liability) - \$350,000 retention.

Zurich American Insurance Company provides the Council's boiler & machinery coverage with limits up to \$50,000,000 subject to a \$5,000 deductible. Travelers Casualty and Surety Company of America provides the Council's crime insurance with limits up to \$500,000 for dishonest acts of employees subject to a \$5,000 deductible and limits up to \$75,000 for theft, disappearance or destruction of money and securities. Evanston Insurance Company provides coroner's professional liability with a limit of \$1,000,000 subject to a \$10,000 deductible. Settled claims have not exceeded this commercial coverage in any of the past 5 years.

The Council is included in the Ohio Bureau of Workers' Compensation (BWC) Retrospective Rating Program which provides for a 40% reduction in premium for assuming some of the claims payment risks. To lessen the potential financial risks, the Council established through the BWC both an individual claims occurrence "cap" of \$200,000 and a maximum premium claims "cap" of 150% of annual payment. The Council pays to BWC this reduced premium and the claims costs as billed. The Department pays into the Council's Workers' Compensation fund an allocated portion of the Council's premium and claims based on the Department's salaries and claims history.

**Clermont County Family and Children First Council  
Clermont County**

**Notes to the Basic Financial Statements  
December 31, 2016**

**4. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

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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*

Clermont County Family and Children First Council  
Clermont County  
2337 Clermont Center Drive  
Batavia, Ohio 45103

To the Executive Committee:

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clermont County Family and Children First Council, Clermont County, (the Council) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated June 11, 2018.

### ***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 opinion 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***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*.

***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 report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 11, 2018



# Dave Yost • Auditor of State

**CLERMONT FAMILY AND CHILDREN FIRST COUNCIL**

**CLERMONT 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  
JULY 3, 2018**