

**CLERMONT COUNTY FAMILY AND  
CHILDREN FIRST COUNCIL  
CLERMONT COUNTY  
Regular Audit  
For the Year Ended December 31, 2011**

***Perry & Associates***  
**Certified Public Accountants, A.C**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Clermont County Family and Children First Council, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A. C., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Clermont County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 23, 2012

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

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**INDEPENDENT ACCOUNTANTS' REPORT**

June 15, 2012

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

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the major funds and the remaining fund information of the **Clermont County Family and Children First Council**, Clermont County, Ohio (the Council), as of and for the year ended December 31, 2011, which collectively comprise the Council's basic financial statements as listed in the table of contents. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds and the remaining fund information of the Clermont County Family and Children First Council as of December 31, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 6, during 2011 the Clermont County Family and Children First Council adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2012, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry & Associates**  
Certified Public Accountants, A.C.



**Clermont County Family and Children First Council**  
**Clermont County**  
Management's Discussion and Analysis  
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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, 2011. 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.

### **Financial Highlights**

Key financial highlights for the year 2011 are as follows:

- The assets of the Council exceeded its liabilities at the close of the year ended December 31, 2011, by \$931,887 (net assets). Of this amount, \$620,625 (unrestricted net assets) may be used to meet the Council's ongoing programs.
- The Council's total net assets decreased by \$40,861, which represents a 4.2% decrease from 2010.
- At the end of the current year, the Council's governmental funds reported a combined ending fund balance of \$737,692. Of this amount, \$561,783 is available for spending (unassigned fund balance) on improving the well-being of children and their families.

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

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Council as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole Council, presenting both an aggregate view of the Council's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the Council's most significant funds (major funds).

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

#### **Statement of Net Assets and the Statement of Activities**

While this document contains information about the funds used by the Council to provide services to our citizens, the view of the Council as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

**Clermont County Family and Children First Council**  
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These two statements report the Council's net assets and the change in those assets. This change in net assets is important because it tells the reader whether, for the Council as a whole, the financial position of the Council has improved or diminished. However, in evaluating the overall position of the Council, nonfinancial information such as the Council's reliance on non-local 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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council are governmental funds. Fund financial reports provide detailed information about the Council's major funds.

Based on restrictions on the use of monies, the Council has established separate funds for its restricted money (state and federal grants) and for its unrestricted money. These fund financial statements focus on the Council's most significant funds. In the case of the Council, our major funds are the General Fund and the Help Me Grow Special Revenue Fund. The analysis of the Council's major funds begins on page 6.

*Governmental Funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Council maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier.

*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 14 of this report.

**Clermont County Family and Children First Council**  
**Clermont County**  
Management's Discussion and Analysis  
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Unaudited

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Council, assets exceeded liabilities by \$931,887 as of December 31, 2011.

Table 1 provides a summary of the Council's net assets for 2011 compared to 2010.

Table 1  
**Net Assets**  
(In Thousands)

	Governmental Activities	
	2011	2010
<b>Assets</b>		
Current & Other Assets	\$990,097	\$1,045,467
<b>Liabilities</b>		
Current & Other Liabilities	58,210	72,719
<b>Net Assets</b>		
Restricted:		
Grants	311,262	437,406
Unrestricted	620,625	535,342
<i>Total Net Assets</i>	<u>\$931,887</u>	<u>\$972,748</u>

Current assets decreased by \$55,370 this is due to the end of the federal stimulus money for Help Me Grow in 2010. Current liabilities decreased by \$14,509. This is due to a decrease in accounts payables.

Table 2 provides a summary of the changes in net assets for 2011 compared to 2010.

Table 2  
**Changes in Net Assets**  
(In Thousands)

	Governmental Activities	
	2011	2010
Program Revenues:		
Operating Grants and Contributions	\$926,941	\$1,146,662
General Revenues:		
Unrestricted Grants	15,750	38,566
Other	0	25
<i>Total Revenues</i>	942,691	1,185,253
Program Expenses		
Human Services	983,552	1,100,008
<i>Total Expenses</i>	983,552	1,100,008
<i>Increase (Decrease) in Net Assets</i>	(40,861)	85,245
Beginning Net Assets	972,748	887,503
Ending Net Assets	<u>\$931,887</u>	<u>\$972,748</u>

**Clermont County Family and Children First Council**  
**Clermont County**  
Management's Discussion and Analysis  
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*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: the home visitor program is provided through the Ohio Children's Trust Fund, 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 \$219,721 due to the federal stimulus dollars for Help Me Grow ending in 2010 and a decrease in funding for the Part C of Help Me Grow. Expenses decreased by \$116,456 due to fewer services provided because of the decreased funding.

**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 \$737,692. Of this amount, \$561,783 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 \$561,783. Revenues exceeded expenditures in the General Fund by \$85,283 in 2011. Contributions – Governmental accounts for 95.8% 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 District, 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 \$545,223 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.

**Clermont County Family and Children First Council**  
**Clermont County**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011  
Unaudited

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**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 2012 State budget bill.

All of these factors were considered in the preparation of the Council's 2011 budget. In keeping the above factors in mind, the Council has maintained a conservative 2012 budget.

**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 Karen Scherra, Executive Director, 2337 Clermont Center Drive, Batavia, Ohio 45103, (513)732-5400.

**Clermont County Family and Children First Council**  
**Clermont County**  
*Statement of Net Assets*  
*December 31, 2011*

	<b>Governmental Activities</b>
<b>ASSETS:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 764,557
Intergovernmental Receivable	225,540
<i>Total Assets</i>	990,097
<b>LIABILITIES:</b>	
Accounts Payable	58,210
<i>Total Liabilities</i>	58,210
<b>NET ASSETS:</b>	
Restricted for Grants	311,262
Unrestricted	620,625
<i>Total Net Assets</i>	\$ 931,887

See accompanying notes to the basic financial statements

**Clermont County Family and Children First Council**  
**Clermont County**  
*Statement of Activities*  
For the Year Ended December 31, 2011

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net(Expense) Revenue and Changes in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:			
Human Services	\$ 983,552	\$ 926,941	\$ (56,611)
<i>Total Governmental Activities</i>	<u>\$ 983,552</u>	<u>\$ 926,941</u>	<u>(56,611)</u>
General Revenues:			
Grants not Restricted to Specific Programs			<u>15,750</u>
<i>Total General Revenues</i>			<u>15,750</u>
<i>Change in Net Assets</i>			(40,861)
<i>Net Assets Beginning of Year</i>			<u>972,748</u>
<i>Net Assets End of Year</i>			<u>\$ 931,887</u>

See accompanying notes to the basic financial statements

**Clermont County Family and Children First Council**  
**Clermont County**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2011*

	<u>General Fund</u>	<u>Restricted Special Revenue 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	\$ 590,994	\$ 17,503	\$ 139,414	\$ 16,646	\$ 764,557
Intergovernmental Receivable	0	22,732	171,463	31,345	225,540
<i>Total Assets</i>	<u>\$ 590,994</u>	<u>\$ 40,235</u>	<u>\$ 310,877</u>	<u>\$ 47,991</u>	<u>\$ 990,097</u>
<b>LIABILITIES:</b>					
Accounts Payable	0	0	48,769	9,441	58,210
Deferred Revenue	0	22,732	171,463	0	194,195
<i>Total Liabilities</i>	0	<u>22,732</u>	<u>220,232</u>	<u>9,441</u>	<u>252,405</u>
<b>FUND BALANCES:</b>					
Restricted for Grants	9,188	17,503	90,645	38,550	155,886
Assigned for Administrative Grant	20,023	0	0	0	20,023
Unassigned	561,783	0	0	0	561,783
<i>Total Fund Balances</i>	<u>590,994</u>	<u>17,503</u>	<u>90,645</u>	<u>38,550</u>	<u>737,692</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 590,994</u>	<u>\$ 40,235</u>	<u>\$ 310,877</u>	<u>\$ 47,991</u>	<u>\$ 990,097</u>

See accompanying notes to the basic financial statements.



**Clermont County Family and Children First Council**  
**Clermont County**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Assets of Governmental Activities*  
*December 31, 2011*

<b>Total Governmental Fund Balances</b>	\$ 737,692
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***Amounts reported for governmental activities in the statement of net assets are different because***

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Intergovernmental Revenues	<u>194,195</u>
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<i>Net Assets of Governmental Activities</i>	<u><u>\$ 931,887</u></u>
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**Clermont County Family and Children First Council**  
**Clermont County**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
For the Year Ended December 31, 2011

	<u>General Fund</u>	<u>Restricted Special Revenue Fund</u>	<u>HELP ME GROW</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Intergovernmental	\$ 15,750	\$ 158,773	\$ 545,223	\$ 66,539	\$ 786,285
Contributions and Donations	<u>355,508</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>355,508</u>
<i>Total Revenues</i>	<u>371,258</u>	<u>158,773</u>	<u>545,223</u>	<u>66,539</u>	<u>1,141,793</u>
<b>EXPENDITURES:</b>					
Current:					
Human Services	<u>285,975</u>	<u>122,004</u>	<u>500,882</u>	<u>74,691</u>	<u>983,552</u>
<i>Total Expenditures</i>	<u>285,975</u>	<u>122,004</u>	<u>500,882</u>	<u>74,691</u>	<u>983,552</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>85,283</u>	<u>36,769</u>	<u>44,341</u>	<u>(8,152)</u>	<u>158,241</u>
<i>Net Change in Fund Balance</i>	85,283	36,769	44,341	(8,152)	158,241
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>505,711</u>	<u>(19,266)</u>	<u>46,304</u>	<u>46,702</u>	<u>579,451</u>
<i>Fund Balance at End of Year</i>	<u>\$ 590,994</u>	<u>\$ 17,503</u>	<u>\$ 90,645</u>	<u>\$ 38,550</u>	<u>\$ 737,692</u>

See accompanying notes to the basic financial statements.

**Clermont County Family and Children First Council**  
**Clermont County**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2011*

**Net Change in Fund Balances - Total Governmental Funds** \$ 158,241

***Amounts reported for governmental activities in the  
statement of activities are different because***

Certain intergovernmental revenues that do not provide current financial  
resources are not reported as revenues in the fund.

Intergovernmental revenue (199,102)

*Change in Net Assets of Governmental Activities* \$ (40,861)

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

**Notes to the Basic Financial Statements  
December 31, 2011**

**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 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 of the county board of mental retardation and 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 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 department of youth services.
- k. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
- l. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986;"
- 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, 2011**

**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.

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 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 "Education of the Handicapped Act Amendments of 1986;"
- d. Maintain an accountability system to monitor the council's progress in achieving its purposes; and,
- e. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

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."

**C. Fiscal Agent and Administrative Agent**

The Clermont County Auditor serves as the Council's fiscal agent on a contractual basis. The Clermont County Mental Health & Recovery Board 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Council have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Council also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the Council accounting policies are described below.

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

**Notes to the Basic Financial Statements  
December 31, 2011**

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

**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, 2011**

**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.

**Restricted Special Revenue Fund**

This fund accounts for revenues and expenditures of programs that provide home-based services to families.

**Measurement Focus**

**Government-wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Council are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Council, available means expected to be received within thirty days of year-end.

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

**Notes to the Basic Financial Statements  
December 31, 2011**

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

Non-exchange transactions, in which the Council receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Council must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Council on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: grants and charges for services.

**Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**Cash and Cash Equivalents**

The County Treasurer is the custodian for the Council's cash and cash equivalents. The County's cash pool holds the Council's cash and cash equivalents, which are reported 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.

**Capital Assets**

Capital assets, which include property, plant equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.



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

**Notes to the Basic Financial Statements  
December 31, 2011**

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of proprietary capital assets is included as part of the capitalized value of the assets constructed.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Infrastructure	20-50
Vehicles	5-10
Furniture & Equipment	5-10

The Council has no capital assets to be reported.

**Accrued Liabilities**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements funds.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligation of the funds.

**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.

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

**Notes to the Basic Financial Statements  
December 31, 2011**

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

**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.

**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 Assets**

Net Assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Council or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The Council applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted for grants are restricted by grantors and regulations of other governments.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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

**Notes to the Basic Financial Statements  
December 31, 2011**

**3. RECEIVABLES**

Receivables at December 31, 2011, consisted of intergovernmental receivables arising from grants and entitlements. A summary of the principal items of intergovernmental receivables follows:

Help Me Grow -GRF	\$ 60,914
,Help Me Grow - Part C	110,549
Family Centered Services	22,732
Ohio Children's Trust	<u>31,345</u>
	<u>\$ 225,540</u>

**4. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts that might be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**5. RISK MANAGEMENT**

The Council is exposed to various risks of property and casualty losses, and injuries to employees.

The Council insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Council belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available).

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

**Notes to the Basic Financial Statements  
December 31, 2011**

**5. RISK MANAGEMENT (Continued)**

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	(14,320,812)	(15,256,862)
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Council's share of these unpaid claims collectible in future years is approximately \$14,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2009	\$19,966
2010	\$18,935
2011	\$15,220

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**6. CHANGE IN ACCOUNTING PRINCIPLES**

For 2011, the Council has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted only in the reclassification of fund balance of the Council's financial statements.

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

June 15, 2012

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

To the Members of Council:

We have audited the financial statements of the governmental activities, each major fund and the remaining fund information of the **Clermont County Family and Children First Council**, Clermont County, Ohio (the Council), as of and for the year ended December 31, 2011, which collectively comprise the Council's basic financial statements and have issued our report thereon dated June 15, 2012, in which we noted the Council implemented Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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 more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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 intend this report solely for the information and use of management, members of Council and others within Council. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry & Associates**  
Certified Public Accountants, A.C.



# Dave Yost • Auditor of State

**CLERMONT COUNTY 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  
AUGUST 02, 2012**