

***LUCAS COUNTY FAMILY AND CHILDREN  
FIRST COUNCIL***

**LUCAS COUNTY, OHIO**

**AUDIT REPORT**

**For the Year Ended December 31, 2008**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





Mary Taylor, CPA  
Auditor of State

Council  
Lucas County Family and Children First Council  
One Government Center, Suite 580  
Toledo, Ohio 43604

We have reviewed the *Report of Independent Accountants* of the Lucas County Family and Children First Council, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. 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 Lucas County Family and Children First Council is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 7, 2009

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**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY, OHIO  
Audit Report  
For the year ended December 31, 2008**

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**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY, OHIO  
Audit Report  
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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

Lucas County Family and Children First Council  
Lucas County  
One Government Center, Suite 580  
Toledo, Ohio 43604

To the Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lucas County Family and Children First Council, Lucas County, Ohio, (the Council), as of and for the year ended December 31, 2008, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Lucas County Family and Children First Council, Lucas County, Ohio, as of December 31, 2008, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the General Fund and each major Special Revenue Fund thereof for the year then ended in conformity with accounting basis Note 2 describes.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27 2009 on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basis financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2008, is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all materials respects in relation to the basic financial statements taken as a whole.

***Charles E. Harris & Associates, Inc.***

October 27, 2009



Lucas County Family and Children First Council  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
(Unaudited)

This discussion and analysis of the Lucas 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, 2008, within the limitations of the Council's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Council's financial performance.

**Financial Highlights**

Key highlights for 2008 are as follows:

- Overall financial activity decreased in FY 2008, with overall receipts decreasing from \$5,194,082 in FY 2007 to \$4,272,365 in FY 2008, a decrease of 17.7%. Total expenditures decreased from \$5,201,410 in FY 2007 to \$4,141,164 in FY 2008, a decrease of 20.4%.
- Though overall financial activity decreased in FY 2008, net assets increased by \$131,201, which represents a 26.9% increase over net assets in fiscal year 2007.
- The Council's general fund net assets decreased by \$46,493 – from \$77,659 to \$31,166, a decrease of 60%. This was below the final budget forecast of \$88,612 by \$57,446. Overall expenditures were actually a little above budgeted expenditures by 5% only due to a fund adjustment of \$24,872 that was made due to overcharges to Help Me Grow GRF Funds for administrative overhead. Otherwise total actual expenditures would be below planned expenditures. The biggest impact on the 60% decrease was that actual revenues were significantly below planned revenues by \$39,973. This was the result of receiving our State Administrative Grant of \$20,000 in January 2009 rather than in 2008 and a lag time in realizing administrative income from HMG TANF for the months of November and December 2008.
- The Council's revenues are from support from the Federal government, including TANF, and Part C funds; State General Revenue Funds; and local revenues were primarily the result of Pooled fund contributions to support Cluster; and United Way funding to support Help Me Grow and the evaluation of Teen Pregnancy Prevention efforts in Lucas County. These receipts are 100% of the Council's revenues.
- The Ohio Department of Health provided \$342,964 in federal Part C and \$434,122 in state general funds for the Help Me Grow program.
- The Ohio Department of Job and Family Services provided \$1,988,829 in federal TANF funds (passed through the Lucas County Department of Job and Family Services) for the Help Me Grow program.

Lucas County Family and Children First Council  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
(Unaudited)

- The United Way of Greater Toledo provided \$113,750 to support the provision of ongoing technical assistance and the evaluation of targeted teen pregnancy prevention efforts in Lucas County; and \$131,853 to support the expansion of Newborn Home Visits through Help Me Grow.

**Overview of the 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 modified cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the Council's cash position and the changes in cash position at the entity wide level. The statement of modified cash basis assets and fund balances and the statement of cash receipts, disbursements, and changes in cash basis fund balances report the Council's cash position and the changes in cash position by major fund. The statements of cash receipts, disbursements, and changes in cash basis fund balance budget-and-actual-budget basis provides original and final budgeted amounts, with variances reflecting comparison of final budgeted amounts with actual receipts and expenditures. The notes to the financial statements are an integral part of the financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. These financial statements follow the modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's modified cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

As a result of using the modified 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 modified cash basis of accounting.

Lucas County Family and Children First Council  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
(Unaudited)

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Council did financially during 2008, within the limits of modified cash basis accounting. The statement of net assets presents the cash balances of the Council at year end. The statement of activities presents the revenue and disbursement activity during 2008.

Table 1 provides a summary of the Council's net assets for 2008 compared to 2007 on a modified cash basis:

**Table 1  
Net Assets**

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 617,814	\$ 486,613
Total assets	\$ 617,814	\$ 486,613
 <b>Net assets</b>		
Unrestricted	\$ 31,166	\$ 62,918
Restricted	586,648	423,695
	\$ 617,814	\$ 486,613

As mentioned previously, net assets increased by \$131,201 or 26.9% during 2008. This is primarily a reflection of an increase in restricted funds assets by \$162,953 and a decrease in unrestricted assets by \$31,752, or 50.5% decrease.

Lucas County Family and Children First Council  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
(Unaudited)

Table 2 reflects the changes in net assets during 2008. This table also shows a comparison with changes in net fund balances for 2007.

**Table 2**  
**Change in Net Assets**

	<b>2008</b>	<b>2007</b>
<b>Receipts</b>		
Intergovernmental	<b>\$4,026,029</b>	\$ 4,987,773
Non-governmental grants	<b>113,750</b>	0
Donations & miscellaneous revenues	<b>132,586</b>	206,339
Total receipts	<b>4,272,365</b>	5,194,082
<b>Disbursements</b>		
Salary and benefits	<b>573,709</b>	539,620
Supplies	<b>8,327</b>	14,749
Equipment	<b>6,433</b>	12,871
Contract services	<b>3,173,556</b>	4,098,174
Training	<b>7,112</b>	15,884
Telephones	<b>4,689</b>	4,775
Administrative charges	<b>324,339</b>	384,856
Other	<b>42,999</b>	130,481
Total disbursements	<b>4,141,164</b>	5,201,410
Excess receipts over/(under) disbursements	<b>131,201</b>	(7,328)
Fund balances, beginning of year	<b>486,613</b>	493,941
Fund balances, end of year	<b>\$ 617,814</b>	\$ 486,613

Intergovernmental revenue represented 94.2% of total receipts and is primarily comprised of federal, state, and county government receipts. The largest category of disbursements were for specific restricted grant services provided to support the Help Me Grow and Cluster programs through contractors in the community.

These statements report the Council's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, these changes are 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, other nonfinancial factors should be considered as well as the condition of the Council's capital assets and infrastructure, the extent of the Council's reliance on nonlocal financial resources for operations and the need for continued growth in other local revenue sources.

Lucas County Family and Children First Council  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
(Unaudited)

**Capital Assets and Debt Administration**

The Council has no capital assets and no debt.

**Budgetary Highlights**

The Council's 2008 financial statements include budgetary statements for the General, Help Me Grow (HMG), Teen Pregnancy and Cluster. The Council made revisions to the General Fund Budget and various other Restricted Fund Budgets during the course of the year. The variances between the budget and actual results were spread over numerous line items in the funds.

**Request for Information**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Council's finances and to reflect the Council's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to David Kontur, Executive Director, Lucas County Office of Family and Children First, One Government Center Suite 580, Toledo, Ohio 43604.

Lucas County Family and Children First Council  
Statement of Net Assets – Modified Cash Basis  
December 31, 2008

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 617,814
<b>Total Assets</b>	<b>617,814</b>
 <b>Net assets</b>	
Restricted for grant services	586,648
Unrestricted	31,166
<b>Total Net Assets</b>	<b>\$ 617,814</b>

*See accompanying notes.*

Lucas County Family and Children First Council  
Statement of Activities – Modified Cash Basis  
December 31, 2008

	<b>Program Cash Receipts</b>	<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental activities</b>	<b>Cash Disbursements</b>	
General government	\$ 348,061	\$ (46,780)
Social services	3,793,103	177,414
Total governmental activities	<u>\$ 4,141,164</u>	<u>130,634</u>
<b>General receipts</b>		
Miscellaneous		567
Total general receipts		<u>567</u>
Changes in net assets		131,201
Net assets beginning of year		486,613
Net assets end of year		<u><u>\$ 617,814</u></u>

*See accompanying notes.*

Lucas County Family and Children First Council  
Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2008

	<b>General</b>	<b>Help Me Grow (HMG)</b>	<b>Cluster (Pooled Funds)</b>	<b>Teen Pregnancy Prevention</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 163,540	\$ 454,274	\$ -	\$ -	\$ 617,814
Interfund receivables	31,166	-	8,272	-	-	39,438
Total assets	<u>31,166</u>	<u>163,540</u>	<u>462,546</u>	<u>-</u>	<u>-</u>	<u>657,252</u>
<b>Liabilities</b>						
Interfund payables	-	-	-	(36,063)	(3,375)	(39,438)
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,063)</u>	<u>(3,375)</u>	<u>(39,438)</u>
<b>Fund balances</b>						
Unreserved:						
General fund	31,166	-	-	-	-	31,166
Special revenue	-	163,540	462,546	(36,063)	(3,375)	586,648
Total fund balances	<u>\$ 31,166</u>	<u>\$ 163,540</u>	<u>\$ 462,546</u>	<u>\$ (36,063)</u>	<u>\$ (3,375)</u>	<u>\$ 617,814</u>

*See accompanying notes.*



Lucas County Family and Children First Council  
Statement of Cash Receipts, Disbursements,  
and Changes in Modified Cash Basis Fund Balances  
Governmental Funds  
Year Ended December 31, 2008

	General	Help Me Grow (HMG)	Cluster (Pooled Funds)	Teen Pregnancy Prevention	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Intergovernmental	\$ 301,281	\$ 2,857,230	\$ 867,518	-	-	\$ 4,026,029
Non-governmental grants	-	-	-	\$ 113,750	-	113,750
Donation	-	132,019	-	-	-	132,019
Miscellaneous	287	-	-	280	-	567
<b>Total receipts</b>	<b>\$ 301,568</b>	<b>\$ 2,989,249</b>	<b>\$ 867,518</b>	<b>\$ 114,030</b>	<b>\$ -</b>	<b>\$ 4,272,365</b>
<b>Disbursements</b>						
Salary and benefits	254,081	173,704	134,186	11,738	-	573,709
Supplies	549	6,462	1,115	201	-	8,327
Equipment	1,334	3,493	470	1,136	-	6,433
Contract services	51,865	2,497,171	606,058	18,462	-	3,173,556
Training	2,233	3,022	927	930	-	7,112
Telephones	1,763	1,615	863	448	-	4,689
Administrative charges	24,872	241,005	58,462	-	-	324,339
Other	11,364	26,435	1,950	3,250	-	42,999
<b>Total disbursements</b>	<b>\$ 348,061</b>	<b>\$ 2,952,907</b>	<b>\$ 804,031</b>	<b>\$ 36,165</b>	<b>\$ -</b>	<b>\$ 4,141,164</b>
Change in fund balances	(46,493)	36,342	63,487	77,865	-	131,201
Fund balances beginning of year	77,659	127,198	399,059	(113,928)	(3,375)	486,613
<b>Fund balances end of year</b>	<b>\$ 31,166</b>	<b>\$ 163,540</b>	<b>\$ 462,546</b>	<b>\$ (36,063)</b>	<b>\$ (3,375)</b>	<b>\$ 617,814</b>

See accompanying notes.

Lucas County Family and Children First Council  
Statement of Cash Receipts, Disbursements, and Changes in  
Cash-Basis Fund Balances – Budget and Actual – Budget Basis  
General Fund  
Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$ 341,254	\$ 340,254	\$ 301,281	\$ (38,973)
Miscellaneous	1,000	1,000	287	(713)
<b>Total receipts</b>	<b>342,254</b>	<b>341,254</b>	<b>301,568</b>	<b>(39,686)</b>
<b>Disbursements</b>				
Salary and benefits	243,416	243,416	254,081	(10,665)
Supplies	8,446	8,446	549	7,897
Equipment	8,000	8,000	1,334	6,666
Contract Services & Professional Services	22,500	15,000	51,865	(36,865)
Training	3,000	3,000	2,233	767
Telephones	2,373	2,373	1,763	610
Other	52,566	50,066	36,236	13,830
<b>Total disbursements</b>	<b>340,301</b>	<b>330,301</b>	<b>348,061</b>	<b>(17,760)</b>
Receipts over disbursements	1,953	10,953	(46,493)	(57,446)
Fund balances beginning of year	77,659	77,659	77,659	-
<b>Fund balances end of year</b>	<b>\$ 79,612</b>	<b>\$ 88,612</b>	<b>\$ 31,166</b>	<b>\$ (57,446)</b>

*See accompanying notes.*

Lucas County Family and Children First Council  
Statement of Cash Receipts, Disbursements, and Changes in  
Cash-Basis Fund Balances – Budget and Actual – Budget Basis  
Help Me Grow (HMG)  
Year ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 2,985,857	\$ 2,985,857	\$ 2,857,230	\$ (128,627)
Donations	114,569	114,569	132,019	17,450
<b>Total receipts</b>	<b>3,100,426</b>	<b>3,100,426</b>	<b>2,989,249</b>	<b>(111,177)</b>
<b>Disbursements</b>				
Salary and benefits	173,646	173,646	173,704	(58)
Administrative Charges	255,302	255,302	241,005	14,297
Supplies	1,900	1,900	6,462	(4,562)
Equipment	-	-	3,493	(3,493)
Contract Services	2,648,904	2,648,904	2,497,171	151,733
Training	3,100	3,100	3,022	78
Telephones	1,300	1,300	1,615	(315)
Other	16,274	16,274	26,435	(10,161)
<b>Total disbursements</b>	<b>3,100,426</b>	<b>3,100,426</b>	<b>2,952,907</b>	<b>147,519</b>
Receipts over/(under) disbursements	-	-	36,342	36,342
Fund balances beginning of year	127,198	127,198	127,198	-
<b>Fund balances end of year</b>	<b>\$ 127,198</b>	<b>\$ 127,198</b>	<b>\$ 163,540</b>	<b>\$ 36,342</b>

*See accompanying notes.*

Lucas County Family and Children First Council  
Statement of Cash Receipts, Disbursements, and Changes in  
Cash-Basis Fund Balances – Budget and Actual – Budget Basis  
Cluster  
Year ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 860,281	\$ 860,281	\$ 867,518	\$ 7,237
<b>Total receipts</b>	<b>860,281</b>	<b>860,281</b>	<b>867,518</b>	<b>7,237</b>
<b>Disbursements</b>				
Salary and benefits	133,901	133,901	134,186	(285)
Administrative Charges	57,452	57,452	58,462	(1,010)
Supplies	1,382	1,382	1,115	267
Equipment	1,103	1,103	470	633
Contract Services	660,558	660,558	606,058	54,500
Training	4,000	4,000	927	3,073
Telephones	906	906	863	43
Other	979	979	1,950	(971)
<b>Total disbursements</b>	<b>860,281</b>	<b>860,281</b>	<b>804,031</b>	<b>56,250</b>
Receipts (under) disbursements	-	-	63,487	63,487
Fund balances beginning of year	399,059	399,059	399,059	-
<b>Fund balances end of year</b>	<b>\$ 399,059</b>	<b>\$ 399,059</b>	<b>\$ 462,546</b>	<b>\$ 63,487</b>

*See accompanying notes.*

Lucas County Family and Children First Council  
Statement of Cash Receipts, Disbursements, and Changes in  
Cash-Basis Fund Balances – Budget and Actual – Budget Basis  
Teen Pregnancy Prevention  
Year ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Non-government grant	\$ -	\$ 81,667	\$ 113,750	\$ 32,083
Miscellaneous	-	-	280	280
<b>Total receipts</b>	<b>-</b>	<b>81,667</b>	<b>114,030</b>	<b>32,083</b>
<b>Disbursements</b>				
Salary and benefits	33,621	33,621	11,738	21,883
Supplies	2,679	2,679	201	2,478
Equipment	1,763	1,763	1,136	627
Contract Services	22,827	22,827	18,462	4,365
Training	2,000	2,000	930	1,070
Telephones	737	737	448	289
Other	2,000	2,000	3,250	(1,250)
<b>Total disbursements</b>	<b>65,627</b>	<b>65,627</b>	<b>36,165</b>	<b>29,462</b>
Receipts over (under) disbursements	(65,627)	16,040	77,865	61,825
Fund balances beginning of year	(113,928)	(113,928)	(113,928)	-
<b>Fund balances end of year</b>	<b>\$ (179,555)</b>	<b>\$ (97,888)</b>	<b>\$ (36,063)</b>	<b>\$ 61,825</b>

See accompanying notes.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

**1. Description of the Council and Reporting Entity**

**Description of the Entity**

The Lucas County Family and Children First Council (the Council) was established in April 1993 as one of the pilot sites of the Ohio Family and Children First Initiative. The Council is a collaborative effort focused on improving outcomes for the children and families of Lucas County. The mission of the Council is "to coordinate a publicly accountable, cost effective system of services that supports health, education, and well being of families in Lucas County."

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

- The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards [In Lucas County this is the Lucas County Mental Health and Recovery Services Board];
- The health commissioner of the board of health of each city or general health Council in the county, or their designees;
- The director of the county department of Job and Family Services;
- The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
- The superintendent of the county board of mental retardation and developmental disabilities;
- The county's juvenile court judge senior in service or another judge of the juvenile court designated by the administrative judge or, where there is no administrative judge, by the judge senior in service shall serve as the judicial advisor to the county family and children first council. The judge may advise the county council on the court's utilization of resources, services, or programs provided by the entities represented by the members of the county council and how those resources, services, or programs assist the court in its administration of justice. Service of a judge as a judicial advisor pursuant to this section is a judicial function.
- The superintendent of the city, exempted village, or local school Council 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;
- A school superintendent representing all other school Councils with territory in the county, as designated at a biennial meeting of the superintendents of those Councils;
- A representative of the largest city in the county;
- The chair of the board of county commissioners, or an individual designated by the board;
- A representative of the regional office of the department of youth services;
- A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

**1. Description of the Council and Reporting Entity – (continued)**

- 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";
- At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to 20% of the Council's remaining membership.

The 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 Council's membership includes all members specified by Ohio Revised Code 121.37, as well as additional at large members, including family representatives, advocates, and other community leaders. At large members serve a maximum of two successive three year terms. The primary purpose of the Council is to improve child and family well-being through identifying and facilitating opportunities for improved coordination and collaboration in a manner that results in the efficient and effective provisions of services for the community's families.

The Council's statutory responsibilities include the following:

- Refer to the cabinet council those children for whom the council cannot provide adequate services;
- Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- Participation in the development of a countywide, 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";
- Maintain an accountability system to monitor the Council's progress in achieving its purposes;
- Establish a mechanism to ensure ongoing input from a board of representation of families who are receiving services within the county system.

Additionally, in 2006 the following mandates were added pursuant to House Bill 289:

Develop and implement the following:

- An interagency process to establish local indicators and monitor the county's progress toward increasing child well-being;
- An interagency process to identify local priorities to increase child well-being; and an annual plan that identifies the county's interagency efforts to increase child well-being.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

**1. Description of the Council and Reporting Entity – (continued)**

**Children’s Cluster**

Through the Children’s Cluster, the Council provides service coordination and fiscal management to ensure that children and youth who have multi-system service needs, and their families receive essential services. Cluster representatives, at both the Executive Cluster and Services Team levels, reflect the Ohio Revised Code membership requirements. Five Cluster member systems, the Pooled Fund Group, pool funds dedicated to the funding of services for children and youth identified as eligible through the Cluster process. The primary source of revenue for operations consists of Local Agency Contributions. These are local monies contributed by Lucas County agencies, including Children Services Board, Mental Health and Recovery Services Board, Board of Mental Retardation and Developmental Disabilities, Juvenile Court, Toledo Public Schools, and Department of Job and Family Services. The amount provided by each agency is based on the annual budget and the amount of funding needed to fulfill obligations.

**Reporting Entity**

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds, departments, and activities that are not legally separate from the Council. They comprise the Council’s legal entity which provides for intersystem coordination of services, administration and ongoing development of Help Me Grow services, and the development and execution of a plan that seeks to improve the wellbeing of children and families in Lucas County. The Council, the Executive Committee, and the Executive Director have direct responsibility for these activities.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

These financial statements follow the modified cash basis of accounting.

The Council’s basic financial statements consist of government-wide statements, including a statement of net assets, 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 of the Council at year-end. The statement of activities presents a comparison between direct disbursements and program for each program receipts or function of the Council’s governmental activities. Direct disbursements are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program



LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

**2. Summary of Significant Accounting Policies – (continued)**

receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions.

The comparison of direct 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 fund 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 Council utilizes the governmental category of funds.

**Governmental Funds**

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

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

*Help Me Grow (HMG) Fund* – The Help Me Grow (HMG) Fund is used to account for revenue received and expended from Federal, State, and local funding to support Help Me Grow. This also included the Help Me Grow and Learn program which was discontinued in 1996.

*Cluster (Pooled Funds)* – The Cluster Fund is used to account for revenue received from local Pooled Funding Agencies, including Lucas County Board of Mental Health, Lucas County Children Services, Lucas County Juvenile Court, Lucas County Board of Mental Retardation and Developmental Disabilities, Lucas County Alcohol and Drug Addiction Services Board, and Toledo Public Schools and expended for youth referred for intersystem coordination of services.

*Teen Pregnancy Prevention* [formerly called Wellness Program] – The Teen Pregnancy Prevention Fund is used to account for revenue received and expended from Federal TANF and local grant monies for the specific purpose of reducing teen pregnancy in Lucas County.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

**2. Summary of Significant Accounting Policies – (continued)**

**Administrative and Fiscal Agent**

The Lucas County Board of Commissioners serves as the administrative and fiscal agent for the Council. The funds are maintained in a separate agency fund by the Lucas County Auditor.

**Measurement Focus**

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

**Basis of Accounting**

As a result of using the modified 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 modified cash basis of accounting.

**Cash**

As required by Ohio Revised Code, the Lucas County (the County) Treasurer is custodian for the Council's cash. As custodian, the County requires the Council to participate in its investment pool. The Council's assets are held in the County's cash and investment pool, and are valued at fair value. The fair value of the position in the pool is the same as the value of the pool shares.

The County is permitted by Ohio law to deposit or invest County funds provided that they mature or are redeemable within two years from date of purchase. The County is permitted to invest or deposit in the following classification of obligations:

1. Obligations of, or backed by the faith of, the United States Government.
2. Obligations issued by and Federal agency.
3. Deposits in institutions eligible under Ohio law. All deposits are collateralized with eligible securities, as described by state statutes, which are pledged to a collateral pool for each individual financial institution, in amounts equal to at least 105% of the carrying value of all public deposits held by each institution.
4. Obligations of the State.
5. Repurchase agreements with institutions eligible under Ohio law not to exceed 30 days, where the institution agrees unconditionally to repurchase any of the securities listed in (1) or (2).

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

**3. Summary of Significant Accounting Policies – (continued)**

6. Commercial paper issued by any corporation incorporated under the laws of the United States or a state if both of the following conditions apply. Two nationally recognized rating agencies rank the commercial paper in either of their two highest categories; the total amount invested in commercial paper at any time does not exceed five percent of the county's total average portfolio, as determined and calculated by the investing authority.
7. Bankers acceptances, if the following conditions are met: the acceptances mature in two hundred seventy days or fewer from the date of settlement; the acceptances are eligible for purchase by the federal reserve system; the total amount invested in bankers acceptances at any time does not exceed ten percent of the county's total average portfolio, as determined and calculated by the investing authority.
8. The State Treasurer's Investment pool (STAR Ohio). Investment authority for the State Treasurer's Investment pool is established by the State Legislature and reflected in the Ohio Revised Code.
9. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

The Council does not have investment policies relating to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

**Capital Assets**

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

**Long-Term Debt Obligations**

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

**Net Assets**

These statements report restricted net assets when enabling legislation or creditors, grantors or laws, or regulations of other governments have imposed limitations on their use. The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

**3. Summary of Significant Accounting Policies – (continued)**

**Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The Council must annually file a budget with its administrative agent. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control has been established by Council at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Executive Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

**Accumulated Leave**

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

**3. Cash and Cash Equivalents**

The Lucas County Commissioners maintain a cash pool used by all of the County's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments. At year end, the carrying amount of the Council's deposits with the Lucas County Commissioners was \$617,814. The Lucas County Board of Commissioners is responsible for maintaining adequate depositor collateral for all funds in the County's pooled cash and deposit accounts.

**4. Contractual Commitments**

At December 31, 2008, the Council had \$483,710 in contractual commitments for services provided to children and families. These contracts will be funded by federal and state program grants, whose funding follows the State fiscal year of July 1 through June 30 rather than a calendar fiscal year. While all of itemized commitments in the following list were outstanding encumbrances as of December 31, 2008, this does not mean that the Council actually owe this amount, but rather what is encumbered and may be used by the provider.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

**4. Contractual Commitments – (continued)**

<b>Agency</b>	<b>Amount</b>
Lucas County	\$10,070
Harbor Behavioral Healthcare	123,832
David Kontur – Meeting/Training Reimbursements (Admin)	152
Berea Children’s Home (Cluster)	16,547
Connecting Point	74,880
Family & Child Abuse Prevention Center	27,523
University of Toledo	20,000
NWOH Center	78,493
The Friendly Center	30,181
Theresa Jelks	665
Toledo Children’s Hospital	50,880
Toledo Lucas County Health	39,154
JLJ Outreach Program	450
James R Robinson	648
Cory Osborn	85
David Putano	140
Ena, Inc.	600
Anne Grady Center	200
The Twelve Inc.	325
Ohio Teaching Family Assoc	2,100
Collingwood Water	263
Office Max Inc.	2,950
Mindy Self	33
Treasurer, State of Ohio	100
Kristi Hannan	74
Conferences & Institutes Register	375
Carol Haddix	240
Commodore Island	825
SHI	152
MT Business Technologies	249
Interior Dimension	1,522
<b>Total</b>	<b>\$483,710</b>

**Source: Lucas County Auditor – Certified and Unpaid Items Report**

**5. Risk Management**

The Council is covered under Lucas County’s (County) insurance policies. The County is self funded for dental, prescription drug, and health benefits. For the workers’ compensation program, the County pays premiums to the State Bureau of Workers’ Compensation for claims in excess of coverage provided by the Fund. The Council is charged for its proportionate share of the cost for covered employees. The County accounts for its risk management activities in Internal Service funds.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

**6. Pension Obligations**

The Council participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans as described below:

- The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.
- The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- The Combined Plan – cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008 member and employer contribution rates were consistent across all three plans.

The 2008 member contribution rates were 10% for members in classifications other than law enforcement and public safety. The 2008 employer contribution rate for local government employer units was 14% of covered payroll. The Council's contributions for pension obligations to the traditional, combined, and member directed plans for the years ended December 31, 2008, 2007 and 2006 were \$55,877, \$52,961 and \$58,148, respectively.

**7. Postemployment Benefits Other Than Pension Benefits**

In addition to pension benefits, OPERS provides retirement, disability, survivor, and postretirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Healthcare coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in Government Accounting Standards Board (GASB) Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14% of covered payroll; 7% was the portion that was used to fund health care.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

**7. Postemployment Benefits Other Than Pension Benefits - (continued)**

The following assumptions and calculations were based on OPERS latest actuarial review performed as of December 31, 2007.

An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The differences between assumed and actual experience (actuarial gains and losses) become part of the unfunded actuarial accrued liability.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2007 was 6.5% (the latest information available).

An annual increase of 4% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 6% for the next nine years. In subsequent years (10 and beyond), health care costs were assumed to increase 4% annually.

OPEB's are advance-funded on an actuarially determined basis. At December 31, 2008, the number of active contributing participants in the traditional and combined plans was 374,002. The rates stated above are the actuarially determined contribution requirements for OPERS. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.825 billion and \$17.024 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, and was effective on January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008 which will allow additional funds to be allocated to the health care plan.

**8. Contingencies/Grants**

The Council received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at December 31, 2008.

Lucas County Family and Children First Council  
Schedule of Federal Awards Expenditures  
Year Ended December 31, 2008

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Disbursements</b>
<b>United States Department of Education</b>			
<i>Passed Through Ohio Department of Health</i>			
Special Education – Grants for Infants and Families With Disabilities (Help Me Grow – Part C)	84.181	\$ 342,964	\$ 444,267
<b>Total United States Department of Education</b>		<b>342,964</b>	<b>444,267</b>
<b>United States Department of Health and Human Services</b>			
<i>Passed Through Lucas County Department of Job and Family Services</i>			
Temporary Assistance to Needy Families (TANF) Help Me Grow Program	93.558	1,988,829	1,982,648
<i>Passed Through Ohio Department of Health</i>			
Child Abuse Prevention Treatment Act	93.669	40,618	2,700
<b>Total United States Department of Health and Human Services</b>		<b>2,029,447</b>	<b>1,985,348</b>
<b>Total Federal Assistance</b>		<b>\$ 2,372,411</b>	<b>\$ 2,429,615</b>

*See accompanying notes to this schedule are an integral part of this schedule.*



**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL**  
**Notes to the Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 2008**

**1. Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the Council's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than the obligation is incurred.

**2. Subrecipients**

The Council passed-through \$2,095,868 of Federal assistance received from the Ohio Department of Health and the Lucas County Department of Jobs and Family Services to other governments or not-for-profit agencies (subrecipients). As described in Note 1, the Council records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these federal programs. Under Federal Circular A-133, the Council is responsible for monitoring with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Lucas County Family and Children First Council  
Lucas County  
One Government Center, Suite 580  
Toledo, Ohio 43604

To the Council:

We have audited the financial statements governmental activities, each major fund and the aggregate remaining fund information of the Lucas County Family and Children First Council (the Council) as of and for the year ended December 31, 2008, and have issued our report thereon dated October 27, 2009, wherein we noted the Council followed the modified cash basis of accounting. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable basis of accounting such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control. We consider the deficiencies described in the accompanying Schedule of Findings, items 2008-LCFCFC-01 and 2008-LCFCFC-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

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

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The Council's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Council's responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of the audit committee, management, the Council, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris & Associates, Inc.***  
October 27, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Lucas County Family and Children First Council  
Lucas County  
One Government Center, Suite 580  
Toledo, Ohio 43604

To the Council:

**Compliance**

We have audited the compliance of the Lucas County Family and Children First Council (the Council) with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2008. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2008-LCFCFC-03.

**Internal Control Over Compliance**

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Council's ability to administer a federal program such that there is more than a remote likelihood that the Council's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Council's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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

This report is intended for the information of the Council, the audit committee, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris & Associates, Inc.***  
October 27, 2009

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505**

**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
Lucas County, Ohio  
December 31, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(ii)	<i>Were there any other significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	Yes
(d)(1)(vii)	<i>Major Programs:</i>	Temporary Assistance to Needy Families CFDA #93.558
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY  
SCHEDULE OF FINDINGS  
December 31, 2008**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-LCFCFC-01 Material Weakness**

Prudent business practices prohibit entities from having negative fund balances. A negative fund balance implies that monies from another fund were used to cover purchases of the negative fund.

The Teen Pregnancy Fund (\$36,063) and the Bridges in Poverty Fund (\$3,375) were found to have negative cash fund balances at December 31, 2008.

We recommend that the Council monitor their fund balances on a monthly basis and to transfer to funds with negative balances. Also, expenditures should only be made from funds that purchases are intended.

**Management Response:**

Management is aware of the requirements and will work toward ensuring that all grant monies are used for their intended purpose by securing additional unrestricted funds or negotiating advance deposits under cost reimbursed grant agreements.

**FINDING NUMBER 2008-LCFCFC-02– Material Weakness**

The Lucas County Family and Children’s First Council prepares its financial statements in the cash format of Governmental Accounting Standards Board Statement (GASB) Number 34. During the year, the Council maintains its records in a traditional format and once a year, they convert the statements to the GASB 34 look-alike statements. We noted numerous changes to the Council’s records, as well as this conversion report.

- Numerous transactions needed reclassification, some requiring cash balance modifications;
- Interfund receivables/payables for negative cash balances were not recorded;
- Numerous changes to the budgetary statements were required;
- Certain footnotes required updating;
- Management’s Discussion and Analysis required several changes.

We recommend the Council ensure that all transactions are recorded in the proper fund and line item. Also, when preparing the GASB 34 look-alike report, we recommend the Council ensure all statements are prepared accurately and reflect the current activity of the Council. We also recommend that all footnotes and the management’s discussion and analysis be prepared completely. This will provide users to accurately assess the financial situation of the Council.

**Management’s response:**

Management believes the day-to-day operation of the business office is run efficiently and accurately. Most of the above mentioned issues are a result of the conversion of the financial statements. Management will continue to improve the recording and conversion process for the future.

**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY  
SCHEDULE OF FINDINGS - continued  
December 31, 2008**

<b>3. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS</b>
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**FINDING NUMBER 2008-LCFCFC-03– Non-compliance**

31 U.S.C. 7502 (a)(1)(A) requires non-federal entities that expend \$500,000 or more in a year in federal awards to have an annual Single or Program-Specific audit conducted for that year and filed with the Federal Audit Clearinghouse within nine months after year-end. The Council did not file their annual with the Federal Audit Clearinghouse within the nine month period after the 2008 year-end.

We recommend that the Council have their audit completed and filed within the required nine month period after year-end.

**Management's response:**

Management is planning on completing the 2009 financial report much earlier. This will allow the audit to be completed well within the nine month requirement.



**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY  
For the Year Ending December 31, 2008**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2007-LCFCFC-01	Payments being made from incorrect program funds.	No	Council still has negative balances in two funds, but no activity was related to current federal programs. Repeated as Finding 2008-LCFCFC-01 for negative cash balances.





**Mary Taylor, CPA**  
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL**

**LUCAS 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  
DECEMBER 17, 2009**