

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

LUCAS COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2009

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



Mary Taylor, CPA
Auditor of State

Council Members
Lucas County Family and Children First Council
One Government Center Suite 580
Toledo, Ohio 43504

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, 2009 through December 31, 2009. 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

September 27, 2010

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LUCAS COUNTY, OHIO
Audit Report
For the year ended December 31, 2009**

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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, 2009, 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 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, 2009, and the respective changes in 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 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 July 9, 2010 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 basic financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2009, 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.
July 9, 2010

Lucas County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2009
(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, 2009, within the limitations of the Council's 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 2009 are as follows:

- Overall financial activity increased in FY 2009, with overall receipts increasing from \$4,271,798 in FY 2008 to \$4,813,687 in FY 2009, an increase of 11%. Total expenditures increased from \$4,141,164 in FY 2008 to \$4,536,531 in FY 2009, an increase of 9%.
- Net assets increased by 46%, from \$617,814 at the end of 2008 to \$904,970 by the end of 2009. This is an increase of \$287,156. While this certainly is a positive trend, it should also be noted that at the end of 2009 the Council also had total outstanding commitments of \$508,244.¹
- The Council's general fund net assets increased slightly by \$177 – from \$31,166 to \$31,343, an increase of 1%. With a planned inter-fund transfer of \$16,455 the budget was forecasted to end with a balance of \$19,711. The actual ending balance is \$11,632 dollars above this amount – this may reflect both lag times in end of year payments and a 29% decrease in actual expenditures from originally projected expenditures.
- There are multiple sources of Council's revenues including the Federal government (TANF, Part C, Part C Stimulus, and Family Centered Service and Support Funds); State General Revenue Funds; and local revenues which are primarily the result of Pooled fund contributions to support Cluster; and United Way funding which supported Help Me Grow and the evaluation of Teen Pregnancy Prevention efforts in Lucas County and a nominal level of miscellaneous funding. These receipts are 100% of the Council's revenues.
- The Ohio Department of Health provided \$340,071 in federal Part C, \$150,000 in federal Part C Stimulus, and \$928,988 in state general funds for the Help Me Grow program in 2009.

¹ This amount reflects funds committed on Requisitions and Purchase Orders – not actual payables.

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Management's Discussion and Analysis
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(Unaudited)

- The Ohio Department of Job and Family Services provided \$1,757,887 in federal TANF funds (passed through the Lucas County Department of Job and Family Services) for the Help Me Grow program. TANF funding, as a source of funding for Help Me Grow was ended on June 30, 2009 as it was eliminated in the new biennial state budget. Part of the loss in TANF funds was made up with an increase in State General Revenue Funds in State Fiscal Year 2010 and eligibility for Help Me Grow became more restrictive beginning 7/1/09.
- The United Way of Greater Toledo provided \$52,531 to support the provision of ongoing technical assistance and the evaluation of targeted teen pregnancy prevention efforts in Lucas County; and \$37,557 to support the expansion of Newborn Home Visits through Help Me Grow. Effective June 30, 2009, United Way of Greater Toledo discontinued funding for Newborn Home Visits for SFY 2010 – the Ohio Department of Health had eliminated Newborn Home Visits as a required component of Help Me Grow starting 7/1/09.

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 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 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 cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's cash basis of accounting, receipts are recognized when received in

Lucas County Family and Children First Council
 Management's Discussion and Analysis
 For the Year Ended December 31, 2009
 (Unaudited)

cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

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

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Council did financially during 2009, within the limits of 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 2009.

Table 1 provides a summary of the Council's net assets for 2009 compared to 2008 on a cash basis:

**Table 1
 Net Assets**

	December 31	
	2009	2008
Assets		
Cash and cash equivalents	\$ 904,970	\$ 617,814
Total assets	\$ 904,970	\$ 617,814
 Net assets		
Restricted	\$ 873,627	\$ 586,648
Unrestricted	31,343	31,166
	\$ 904,970	\$ 617,814

As mentioned previously, net assets increased by \$287,156 or 46% during 2009. This is primarily a reflection of an increase in restricted funds assets by \$286,979 which may primarily reflect receipts received toward the end of the year - \$150,000 in Part C Stimulus Funds, \$39,920 in FCSS funds, and the receipt of quarterly allocations of Help Me Grow State General Revenue Funds in the amount of \$355,700 each, as part of SFY 2010 funding.

Lucas County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2009
(Unaudited)

Table 2 reflects the changes in net assets during 2009. This table also shows a comparison with changes in net assets for 2008.

Table 2
Change in Net Assets

	2009	2008
Receipts		
Intergovernmental	\$4,717,246	\$4,026,029
Non-governmental grants	-	113,750
Donation	-	132,019
Miscellaneous	96,441	-
Total receipts	\$4,813,687	\$4,271,798
Disbursements		
Salary and benefits	558,205	\$573,709
Supplies	13,044	8,327
Equipment	14,631	6,433
Contract services	3,230,734	3,173,556
Training	5,900	7,112
Telephones	3,146	4,689
Other	454,143	324,339
Administrative charges	246,728	42,999
Total disbursements	\$4,526,531	\$4,141,164
Excess receipts over/(under) disbursements	287,156	131,201
Fund balances, beginning of year	617,814	486,613
Fund balances, end of year	\$904,970	\$617,814

Intergovernmental revenue represented 95% 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 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

Lucas County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2009
(Unaudited)

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.

Capital Assets and Debt Administration

The Council has no capital assets and no debt.

Budgetary Highlights

The Council's 2009 financial statements include budgetary statements for the General, Help Me Grow (HMG), Children's Trust, Teen Pregnancy and Cluster funds. 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 – Cash Basis
December 31, 2009

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 904,970
Total Assets	904,970
 Net assets	
Restricted for grant services	873,627
Unrestricted	31,343
Total Net Assets	\$ 904,970

See accompanying notes.

Lucas County Family and Children First Council
Statement of Activities – Cash Basis
December 31, 2009

	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Operating Grants and Contributions	Governmental Activities
Governmental activities		
General government	\$ 250,105	\$ 18,150
Social services	4,276,426	172,565
Total governmental activities	<u>\$ 4,526,531</u>	<u>\$ 190,715</u>
General receipts		
Miscellaneous		96,441
Total general receipts		<u>96,441</u>
Changes in net assets		287,156
Net assets beginning of year		617,814
Net assets end of year		<u><u>\$ 904,970</u></u>

See accompanying notes.

Lucas County Family and Children First Council
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Help Me Grow (HMG)	Cluster (Pooled Funds)	Childrens's Trust Fund	Teen Pregnancy Prevention	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 31,343	\$ 233,233	\$ 535,133	\$ 26,480	\$ 63,069	\$ 15,712	\$ 904,970
Total assets	<u>31,343</u>	<u>233,233</u>	<u>535,133</u>	<u>26,480</u>	<u>63,069</u>	<u>15,712</u>	<u>904,970</u>
Fund balances							
Unreserved:							
General fund	\$ 31,343	-	-	-	-	-	\$ 31,343
Special revenue	-	\$ 233,233	\$ 535,133	\$ 26,480	\$ 63,069	\$ 15,712	873,627
Total fund balances	<u>\$ 31,343</u>	<u>\$ 233,233</u>	<u>\$ 535,133</u>	<u>\$ 26,480</u>	<u>\$ 63,069</u>	<u>\$ 15,712</u>	<u>\$ 904,970</u>

See accompanying notes.

Lucas County Family and Children First Council
Statement of Cash Receipts, Disbursements,
and Changes in Cash Basis Fund Balances
Governmental Funds
Year Ended December 31, 2009

	General	Help Me Grow (HMG)	Cluster (Pooled Funds)	Children's Trust Fund	Teen Pregnancy Prevention	Other Governmental Funds	Total Governmental Funds
Receipts							
Intergovernmental	\$ 268,255	\$ 3,177,158	\$ 895,020	\$ 376,813	-	-	\$ 4,717,246
Miscellaneous	1,225	37,559	5,070	56	\$ 52,531	-	96,441
Total receipts	269,480	3,214,717	900,090	376,869	52,531	-	4,813,687
Disbursements							
Salary and benefits	219,816	182,817	131,268	14,459	9,845	-	558,205
Supplies	747	5,195	1,659	5,137	306	-	13,044
Equipment	66	244	127	4,318	9,876	-	14,631
Contract services	19,644	2,579,409	492,178	118,341	21,162	-	3,230,734
Training	2,115	1,008	536	2,132	109	-	5,900
Telephones	988	950	591	275	342	-	3,146
Administrative charges	-	174,760	57,452	14,516	-	-	246,728
Other	6,729	250,391	3,692	191,160	2,171	-	454,143
Total disbursements	250,105	3,194,774	687,503	350,338	43,811	-	4,526,531
Excess Revenue Over(Under) Disbursements	19,375	19,943	212,587	26,531	8,720	-	287,156
Other Financing Sources(Uses)							
Transfer In	51	49,750	-	-	90,412	\$ 19,087	159,300
Transfer Out	(19,249)	-	(140,000)	(51)	-	-	(159,300)
Total Other Financing Sources(Uses)	(19,198)	49,750	(140,000)	(51)	90,412	19,087	-
Change in fund balances	177	69,693	72,587	26,480	99,132	19,087	287,156
Fund balances beginning of year	31,166	163,540	462,546	-	(36,063)	(3,375)	617,814
Fund balances end of year	\$ 31,343	\$ 233,233	\$ 535,133	\$ 26,480	\$ 63,069	\$ 15,712	\$ 904,970

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, 2009

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		With Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 379,035	\$ 377,511	\$ 268,255	\$ (109,256)
Miscellaneous	4,275	2,388	1,225	(1,163)
Total receipts	383,310	379,899	269,480	(110,419)
Disbursements				
Salary and benefits	277,310	277,310	219,816	57,494
Supplies	6,500	1,500	747	753
Equipment	5,000	2,500	66	2,434
Contract Services & Professional Services	83,000	90,000	19,644	70,356
Training	2,500	2,000	2,115	(115)
Telephones	2,000	2,000	988	1,012
Other	2,000	2,000	6,729	(4,729)
Total disbursements	378,310	377,310	250,105	127,205
Excess Receipts over disbursements	5,000	2,589	19,375	16,786
Other Financing Sources/(Uses)				
Transfer In	-	52	51	1
Transfer Out	(16,455)	(16,455)	(19,249)	(2,794)
Total Other Financing Sources/(Uses)	(16,455)	(16,403)	(19,198)	(2,793)
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	(11,455)	(13,814)	177	13,993
Fund balances beginning of year	31,166	31,166	31,166	-
Fund balances end of year	\$ 19,711	\$ 17,352	\$ 31,343	\$ 13,993

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 3,380,240	\$ 3,380,240	\$ 3,177,158	\$ (203,082)
Miscellaneous	114,000	57,000	37,559	(19,441)
Total receipts	3,494,240	3,437,240	3,214,717	(222,523)
Disbursements				
Salary and benefits	173,674	180,909	182,817	(1,908)
Administrative Charges	298,858	277,247	174,760	102,487
Supplies	5,905	5,905	5,195	710
Equipment	1,940	1,940	244	1,696
Contract Services	2,967,761	2,914,739	2,579,409	335,330
Training	5,474	5,474	1,008	4,466
Telephones	1,900	1,900	950	950
Other	11,447	11,447	250,391	(238,944)
Total disbursements	3,466,959	3,399,561	3,194,774	204,787
Receipts over/(under) disbursements	27,281	37,679	19,943	(17,736)
Other Financing Sources/(Uses)				
Transfer In	-	-	49,750	49,750
Total Other Financing Sources/(Uses)	-	-	49,750	49,750
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	27,281	37,679	69,693	32,014
Fund balances beginning of year	163,540	163,540	163,540	-
Fund balances end of year	\$ 190,821	\$ 201,219	\$ 233,233	\$ 32,014

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 855,100	\$ 855,100	\$895,020	\$ 39,920
Miscellaneous	-	-	5,070	5,070
Total receipts	855,100	855,100	900,090	44,990
Disbursements				
Salary and benefits	110,114	110,114	131,268	(21,154)
Administrative Charges	56,452	56,452	57,452	(1,000)
Supplies	1,300	1,300	1,659	(359)
Equipment	600	600	127	473
Contract Services	621,000	621,000	492,178	128,822
Training	1,000	1,000	536	464
Telephones	880	880	591	289
Other	2,000	2,000	3,692	(1,692)
Total disbursements	793,346	793,346	687,503	105,843
Excess Receipts over disbursements	61,754	61,754	212,587	150,833
Other Financing Sources/(Uses)				
Transfer Out	(140,000)	(140,000)	(140,000)	-
Total Other Financing Sources/(Uses)	(140,000)	(140,000)	(140,000)	-
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	(78,246)	(78,246)	72,587	150,833
Fund balances beginning of year	462,546	462,546	462,546	-
Fund balances end of year	\$ 384,300	\$ 384,300	\$535,133	\$ 150,833

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
Children's Trust Fund
Year ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental			\$ 376,813	\$ 376,813
Miscellaneous	-	-	56	56
Total receipts	-	-	376,869	376,869
Disbursements				
Salary and benefits	-	-	14,459	(14,459)
Administrative Charges	-	-	5,137	(5,137)
Supplies	-	-	4,318	(4,318)
Equipment	-	-	118,341	(118,341)
Contract Services	-	-	2,132	(2,132)
Training	-	-	275	(275)
Telephones	-	-	191,160	(191,160)
Other	-	-	14,516	(14,516)
Total disbursements	-	-	350,338	(350,338)
Receipts over/(under) disbursements	-	-	26,531	26,531
Other Financing Sources/(Uses)				
Transfer Out	-	-	(51)	(51)
Total Other Financing Sources/(Uses)	-	-	(51)	(51)
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	-	-	26,480	26,480
Fund balances beginning of year	-	-	-	-
Fund balances end of year	\$ -	\$ -	\$ 26,480	\$ 26,480

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Miscellaneous	\$ 104,790	\$ 72,497	\$ 52,531	\$ (19,966)
Total receipts	104,790	72,497	52,531	(19,966)
Disbursements				
Salary and benefits	33,621	9,000	9,845	(845)
Supplies	2,679	500	306	194
Equipment	1,763	1,500	9,876	(8,376)
Contract Services	20,000	38,482	21,162	17,320
Training	2,000	2,500	109	2,391
Telephones	737	450	342	108
Other	2,000	4,000	2,171	1,829
Total disbursements	62,800	56,432	43,811	12,621
Receipts over (under) disbursements	41,990	16,065	8,720	(7,345)
Other Financing Sources/(Uses)				
Transfer In	90,412	90,412	90,412	-
Total Other Financing Sources/(Uses)	90,412	90,412	90,412	-
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	132,402	106,477	99,132	(7,345)
Fund balances beginning of year	(36,063)	(36,063)	(36,063)	-
Fund balances end of year	\$ 96,339	\$ 70,414	\$ 63,069	\$ (7,345)

See accompanying notes.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2009

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, 2009

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, 2009

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 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, 2009

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, 2009

2. Summary of Significant Accounting Policies – (continued)

Children's Trust Fund – Used to account for revenue received for purposes of establishing child abuse and neglect advisory boards. The principle source of revenue is through a tax on divorces and death certificates.

Other – Smaller programs/projects that are more time limited and receive lower levels of funding are grouped under OTHER in our Financial Statements. While they are grouped under the category of OTHER they are still tracked separately in Peachtree, our accounting system. This has included past programs/projects such as “Bridges out of Poverty”, which was reported as a separate category in the previous year audit [this ended in 2007 and had received federal funds], Maternal Health Project, Matrix, etc.

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 cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's cash basis of accounting, receipts 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 cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

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.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2009

2. Summary of Significant Accounting Policies – (continued)

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).
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 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, 2009

2. Summary of Significant Accounting Policies – (continued)

Budgetary Process

The Council is exempt from the requirements of Ohio budgetary law detailed in §5705 of the Ohio Revised Code. It is required, in accordance with §121.37 of the Ohio Revised Code, to file an annual budget with the Lucas County Board of Commissioners, the administrative agent of the Council.

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 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 value of the Council's deposits with the Lucas County Commissioners was \$904,970. 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. 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.

5. 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, 2009.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2009

6. Contractual Commitments

At December 31, 2009, the Council had \$508,245 in contractual commitments for general services and 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, 2009, this does not mean that we actually owe this amount, but rather what is encumbered and may be used by the provider.

Lucas County	\$	49,807
Connecting Point		16,192
Family & Child Abuse		56,873
NWOH Center		27,546
Toledo Children's Hospital		41,213
East Toledo Family Center		132,672
Sherrell Thompson		18
MT Business Technologies		1,859
Toledo Lucas County Health		9,702
The Firm		24,240
Ohio Teaching Family Assoc.		14,595
Commodore Island		450
The Friendly Center		7,367
Neil Brown Consulting		25
National Alliance		18,187
Sunshine Inc. of NOW Finance		7,352
Nakisha Bell		2,145
Melissa Stoll		3,513
David Putano		1,090
Cory Osborn		805
Charlie R. Bolden III		4,909
Anne Grady Center		4,600
The Twelve Inc.		2,445
Charles E. Harris & Assoc.		19,500
Colleen Mulvaney		21,140
Lutheran Home Society		40,000
Total	\$	508,245

Source: Lucas County Auditor

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2009

7. 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 2009 member and employer contribution rates were consistent across all three plans.

The 2009 member contribution rates were 10% for members in classifications other than law enforcement and public safety. The 2009 employer contribution rate for local government employer units was 14.00% of covered payroll. The Council's contributions for pension obligations to the traditional, combined, and member directed plans for the years ended December 31, 2009, 2008 and 2007 were \$57,771, \$55,877, and \$52,961 respectively.

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 2009 local government employer contribution rate was 14.00% of covered payroll.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2009

7. Pension Obligations - (continued)

7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009 of covered payroll was the portion that was used to fund health care.

The following assumptions and calculations were based on OPERS latest actuarial review performed as of December 31, 2008.

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) becomes 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, not to exceed a 12% corridor. The investment assumption rate for 2008 was 6.5%.

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 3% for the next six years. In subsequent years (7 and beyond), health care costs were assumed to increase 4% annually (the projected wage inflation rate).

OPEB's are advance-funded on an actuarially determined basis. At December 31, 2009, the number of active contributing participants in the traditional and combined plans was 356,388. 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, 2008 (the latest information available) were \$10 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 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 to January 1, 2008, which will allow additional funds to be allocated to the health care plan.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL

LUCAS COUNTY, OHIO

Schedule of Federal Awards Expenditures

For the Year Ended December 31, 2009

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Receipts Recognized</u>	<u>Program Disbursements</u>
U.S. Department of Education			
Passed Through Ohio Department of Health			
ARRA Part C Stimulus	84.939A	\$ 150,000	\$ -
Special Education - Grants for Infants and Families	84.181	<u>340,071</u>	<u>528,408</u>
		<u>490,071</u>	<u>528,408</u>
Total U.S. Department of Education		490,071	528,408
U.S. Department of Health and Human Services			
Passed through Lucas County Department of Job and Family Services			
Temporary Assistance to Needy Families (TANF)			
Help Me Grow Program	93.558	1,757,887	1,714,940
Passed Through Ohio Department of Health and Human Services			
Promoting Safe and Stable Families	93.556	<u>39,920</u>	<u>-</u>
Total U.S. Department of Health and Human Services		<u>1,797,807</u>	<u>1,714,940</u>
Total Federal Awards		<u>\$ 2,287,878</u>	<u>\$ 2,243,348</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2009

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 \$2,243,348, 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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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
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 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, 2009, and have issued our report thereon dated July 9, 2010, wherein we noted the Council followed the 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 audit procedures for the purpose of expressing our opinions 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-LCFCFC-01 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

We intend this report solely for the information and use of management, the audit committee, the Council, federal awarding agencies and pass-through entities and others within the Council. We intend it for no one other than these specified parties.

Charles E. Harris and Associates, Inc.

July 9, 2010

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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 the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Council's major federal program. The Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Lucas County Family and Children First Council complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The Council's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, 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.

We intend this report solely for the information and use of the audit committee, management, the Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Charles E. Harris & Associates, Inc.

July 9, 2010

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

**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Lucas County, Ohio
December 31, 2009**

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>	No
(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, 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-LCFCFC-01– 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;
- 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:

The annual audit is completed based on a calendar fiscal year. Most of our funding follows a State Fiscal Year, which results in a situation in which the last half of any given year being audited is still part of an active state fiscal year with resulting corrections still occurring based on providers corrections to invoices, and other corrections.

The Lucas County Family and Children First Council will address this issue by the following actions –

1. Have put in place a Budget and Finance Committee that is now reviewing financials and detailed ledgers on a monthly basis.
2. The Council is already working to engage further outside capacity and expertise to manage ongoing accounting and finance operations
3. Quarterly, review and finalization of statements – this would occur on a quarterly basis so that once a quarter is closed, any adjustments or corrections would have to be recorded in the following quarter and be reflected accordingly on the appropriate ledgers. Quarters would follow calendar year, i.e., Jan – Mar/ Apr – Jun/ Jul – Sep/ and Oct – Dec.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken or Finding No Longer Valid; Explain
2008-LCFCFC-01	Negative Fund Balances in several funds	Yes	Finding No Longer Valid
2008-LCFCFC-02	Numerous reclassifications and other changes to financial statements were required	No	Not corrected. Repeated as Finding LCFCFC-01
2008-LCFCFC-03	Citation against 31 U.S.C 7202 (a)(1)(A) not filing Single Audit within nine months of year end	Yes	Finding No Longer Valid

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Mary Taylor, CPA
Auditor of State

LUCAS COUNTY FAMILY AND CHILDREN 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
SEPTEMBER 30, 2010**