

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

LUCAS COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2011

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



Dave Yost • Auditor of State

Members of the Council
Lucas County Family and Children First Council
2275 Collingwood Ave.
Toledo, Ohio 43620

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

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

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

Dave Yost
Auditor of State

November 19, 2012

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**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY, OHIO
Audit Report
For the year ended December 31, 2011**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1-2
Management's Discussion and Analysis	3
Statement of Net Assets – Cash Basis	8
Statement of Activities – Cash Basis	9
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	10
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Balances – Governmental Funds	11
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – General Fund	12
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Help Me Grow (HMG) Fund	13
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Intersystem Core Coordination Fund	14
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Children's Trust Fund	15
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Teen Pregnancy Prevention Fund	16
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Other Restricted Fund	17
Notes to the Financial Statements	18
Schedule of Federal Awards Expenditures	31
Notes to the Schedule of Federal Awards Expenditures	32
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	35

**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY, OHIO
Audit Report
For the year ended December 31, 2011**

TABLE OF CONTENTS – (continued)

<u>TITLE</u>	<u>PAGE</u>
Schedule of Findings	37
Schedule of Prior Audit Findings	39

REPORT OF INDEPENDENT ACCOUNTANTS

Lucas County Family and Children First Council
Lucas County
2275 Collingwood Ave.
Toledo, Ohio 43620

To the Council:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lucas County Family and Children First Council, Lucas County (the Council), as of and for the year ended December 31, 2011, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

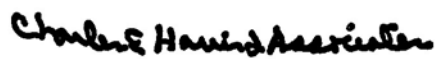
As discussed in Note 2, the Lucas County Family and Children First Council, Lucas County, prepares its financial statements and notes on the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and each major fund of the Lucas County Family and Children First Council, Lucas County, as of December 31, 2011, and the respective changes in its cash basis financial position and the respective budgetary comparison for the General and each major special revenue fund thereof for the year then ended in conformity with the basis of accounting described in Note 2.

As described in Note 9, the Council implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2012, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Council's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. The schedule of federal awards expenditures (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Charles E. Harris & Associates, Inc.
September 12, 2012

Lucas County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(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, 2011, 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 2011 are as follows:

- Overall financial activity slightly increased in FY 2011, with overall receipts increasing from \$3,585,288 in FY 2010 to \$3,618,649, an increase of 0.9%. Total expenditures decreased from \$3,811,383, in FY 2010 to \$3,515,954 in FY 2011, a decrease of 7.8%.
- Net assets increased by 12%, from \$729,713 (restated) at the end of 2010 to \$816,944 by the end of 2011. This is an increase of \$87,231. Outstanding contracts at the end of 2011 totaled \$168,707.
- The Council's general fund net assets increased by \$42,508 – from \$5,980 at the end of 2010 to \$48,488 at the end of 2011, an increase of 710%. Part of the reason for such a large increase was that the 2010 Administrative Agent fee of \$25,000 was not paid until early 2011 rather than in 2010.
- There are multiple sources of Council's revenues including the Federal government (Part C, Part C Stimulus, Bridges out of Poverty, and 22.3% of Family Centered Service and Support Funds); State General Revenue Funds; and local revenues which are primarily the result of Pooled fund contributions to support Intersystem Care Coordination (formerly called "Cluster"); and miscellaneous funding. These receipts account for 100% of the Council's revenues.
- The Ohio Department of Health provided \$598,545 in federal Part C, \$172,532 in federal Part C Stimulus, and \$1,278,881 in state general funds for the Help Me Grow program in 2011.

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.

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

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 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.

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

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Council did financially during 2011, 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 2011.

Table 1 provides a summary of the Council's net assets for 2011 compared to 2010 on a cash basis:

**Table 1
Net Assets**

	December 31	
	2011	Restated 2010
Assets		
Cash and cash equivalents	\$ 816,944	\$ 729,713
Total assets	\$ 816,944	\$ 729,713
 Net assets		
Unrestricted	\$ 48,488	\$ 5,980
Restricted	768,456	723,733
	\$ 816,844	\$ 729,713

As mentioned previously, net assets increased by \$87,231 or 12% during 2011.

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

Table 2 reflects the changes in net assets during 2011. This table also shows a comparison with changes in net fund balances for 2010.

Table 2
Change in Net Assets

	2011	2010
Receipts		
Intergovernmental	\$3,613,136	\$3,572,796
Non-governmental grants	5,513	12,491
Total receipts	3,618,649	3,585,287
Disbursements		
Salary and benefits	511,143	544,442
Supplies	7,606	23,483
Equipment	12,072	4,494
Contract services	2,653,042	2,986,049
Training	2,604	7,252
Telephones	6,255	3,286
Other	163,810	14,797
Rent	25,851	0
Unemployment costs	16,126	0
Administrative charges	132,909	227,580
Total disbursements	3,531,418	3,811,383
Excess receipts over/(under) disbursements	87,231	(226,096)
Fund balances, beginning of year	729,713	904,970
Restatement		50,839
Fund balances, end of year	\$816,944	\$729,713

Intergovernmental revenue represented 99.8% 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 Intersystem Core Coordination 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 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

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

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 2011 financial statements include budgetary statements for the General, Help Me Grow (HMG), Teen Pregnancy and Intersystem Care Coordination, Children's Trust Fund and Other Restricted, which includes "Bridges out of Poverty." The Council made revisions to the General Fund budget and various other Special Revenue 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, 2275 Collingwood Blvd, Toledo, Ohio 43620.

Lucas County Family and Children First Council
Statement of Net Assets – Cash Basis
December 31, 2011

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 816,944
Total Assets	816,944
 Net assets	
Restricted	\$ 768,456
Unrestricted	48,488
Total Net Assets	\$ 816,944

See accompanying notes.

Lucas County Family and Children First Council
Statement of Activities – Cash Basis
December 31, 2011

		<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities			
General government	\$ 106,192	\$ 148,700	\$ 42,508
Social services	3,425,226	3,469,949	44,723
Total governmental activities	<u><u>\$ 3,531,418</u></u>	<u><u>\$ 3,618,649</u></u>	<u><u>87,231</u></u>
Changes in net assets			87,231
Net assets beginning of year, restated			729,713
Net assets end of year			<u><u>\$ 816,944</u></u>

See accompanying notes.

Lucas County Family and Children First Council
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011

	General	Help Me Grow (HMG)	Intersystem Core Coordination	Other Restricted	Children's Trust Fund	Teen Pregnancy Prevention	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 48,488	\$ 312,525	\$ 441,414	\$ (3,332)	\$ (1,361)	\$ 19,210	\$ 816,944
Total assets	48,488	312,525	441,414	(3,332)	(1,361)	19,210	816,944
Fund balances							
Restricted	-	312,525	441,414	-	-	19,210	773,149
Unassigned (deficit)	48,488	-	-	(3,332)	(1,361)	-	43,795
Total fund balances	\$ 48,488	\$ 312,525	\$ 441,414	\$ (3,332)	\$ (1,361)	\$ 19,210	\$ 816,944

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, 2011

	General	Help Me Grow (HMG)	Intersystem Core Coordination	Children's Trust Fund	Other Restricted	Teen Pregnancy Prevention	Total Governmental Funds
Receipts							
Intergovernmental	\$ 148,659	\$ 2,156,250	\$ 1,065,217	\$ 154,385	\$ 42,390	\$ 46,235	\$ 3,613,136
Miscellaneous	41	222	4,250	1,000	-	-	5,513
Total receipts	148,700	2,156,472	1,069,467	155,385	42,390	46,235	3,618,649
Disbursements							
Salary and benefits	65,064	301,263	100,624	23,794	12,137	8,261	511,143
Supplies	279	4,190	749	1,768	620	-	7,606
Equipment	212	10,377	1,216	233	19	15	12,072
Contract services	25,160	1,469,837	1,020,332	89,107	13,377	35,229	2,653,042
Training	714	866	715	184	67	58	2,604
Telephones	538	3,968	1,458	202	72	17	6,255
Other	2,356	105,174	7,916	28,934	19,430	-	163,810
Rent	3,431	18,148	3,291	981	-	-	25,851
Uemployment Costs	8,438	-	7,688	-	-	-	16,126
Adminstrative charges	-	85,409	40,000	7,500	-	-	132,909
Total disbursements	106,192	1,999,232	1,183,989	152,703	45,722	43,580	3,531,418
Change in fund balances	42,508	157,240	(114,522)	2,682	(3,332)	2,655	87,231
Fund balances beginning of year, restated	5,980	155,285	555,936	(4,043)	-	16,555	729,713
Fund balances end of year	\$ 48,488	\$ 312,525	\$ 441,414	\$ (1,361)	\$ (3,332)	\$ 19,210	\$ 816,944

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
December 31, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 165,730	\$ 165,730	\$ 148,659	\$ (17,071)
Miscellaneous	500	500	41	(459)
Total receipts	166,230	166,230	148,700	(17,530)
Disbursements				
Salary and benefits	83,115	83,115	65,064	18,051
Supplies	650	650	279	371
Equipment	500	500	212	288
Contract Services & Professional Services	46,869	46,869	25,160	21,709
Training	2,904	2,904	714	2,190
Telephones	780	780	538	242
Other	2,100	2,100	2,356	(256)
Rent	2,887	2,887	3,431	(544)
Unemployment Costs	26,416	26,416	8,438	17,978
Total disbursements	166,221	166,221	106,192	60,029
Receipts over disbursements	9	9	42,508	42,499
Fund balances beginning of year, restated	5,980	5,980	5,980	-
Fund balances end of year	\$ 5,989	\$ 5,989	\$ 48,488	\$ 42,499

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)
December 31, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 2,007,877	\$ 2,007,877	\$ 2,156,250	\$ 148,373
Misc			222	222
Total receipts	2,007,877	2,007,877	2,156,472	148,595
Disbursements				
Salary and benefits	284,769	284,769	301,263	(16,494)
Admin Charges	97,500	97,500	85,409	12,091
Supplies	5,150	5,150	4,190	960
Equipment	3,450	3,450	10,377	(6,927)
Contract Services	1,565,991	1,565,991	1,469,837	96,154
Training	4,195	4,195	866	3,329
Telephones	2,230	2,230	3,968	(1,738)
Other	31,853	31,853	105,174	(73,321)
Rent	12,737	12,737	18,148	(5,411)
Total disbursements	2,007,875	2,007,875	1,999,232	8,643
Receipts (under) disbursements	2	2	157,240	157,238
Fund balances beginning of year, restated	155,285	155,285	155,285	-
Fund balances end of year	\$ 155,287	\$ 155,287	\$ 312,525	\$ 157,238

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
Intersystem Core Coordination
December 31, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental			\$ 1,065,217	\$ 1,065,217
Misc	1,500	1,500	4,250	2,750
Total receipts	1,500	1,500	1,069,467	1,067,967
Disbursements				
Salary and benefits	103,607	103,607	100,624	2,983
Admin Charges	40,000	40,000	40,000	-
Supplies	1,300	1,300	749	551
Equipment	700	700	1,216	(516)
Contract Services	834,236	834,236	1,020,332	(186,096)
Training	1,000	1,000	715	285
Telephones	650	650	1,458	(808)
Other	1,750	1,750	7,916	(6,166)
Rent	2,395	2,395	3,291	(896)
Unemployment Costs	26,416	26,416	7,688	18,728
Total disbursements	1,012,054	1,012,054	1,183,989	(171,935)
Receipts (under) disbursements	(1,010,554)	(1,010,554)	(114,522)	896,032
Fund balances beginning of year, restated	555,936	555,936	555,936	-
Fund balances end of year	\$ (454,618)	\$ (454,618)	\$ 441,414	\$ 896,032

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
December 31, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 150,752	\$ 150,752	\$ 154,385	\$ 3,633
Miscellaneous			1,000	1,000
Total receipts	150,752	150,752	155,385	4,633
Disbursements				
Salary and benefits	28,102	28,102	23,794	4,308
Supplies	13,271	13,271	1,768	11,503
Equipment	-	-	233	(233)
Contract Services & Professional Services	94,396	94,396	89,107	5,289
Training	500	500	184	316
Telephones	350	350	202	148
Other	7,600	7,600	28,934	(21,334)
Rent	798	798	981	(183)
Administrative Charges	7,500	7,500	7,500	-
Total disbursements	152,517	152,517	152,703	(186)
Receipts over disbursements	(1,765)	(1,765)	2,682	4,447
Fund balances beginning of year, restated	(4,043)	(4,043)	(4,043)	-
Fund balances end of year	\$ (5,808)	\$ (5,808)	\$ (1,361)	\$ 4,447

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 Fund
December 31, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ -	\$ -	\$ 46,235	\$ 46,235
Total receipts	-	-	46,235	46,235
Disbursements				
Salary and benefits	8,744	8,744	8,261	483
Supplies	750	750	-	750
Equipment	-	-	15	(15)
Contract Services	29,063	29,063	35,229	(6,166)
Training	500	500	58	442
Telephones	250	250	17	233
Other	2,500	2,500	-	2,500
Total disbursements	41,807	41,807	43,580	(1,773)
Receipts over (under) disbursements	(41,807)	(41,807)	2,655	44,462
Fund balances beginning of year, restated	16,555	16,555	16,555	-
Fund balances end of year	\$ (25,252)	\$ (25,252)	\$ 19,210	\$ 44,462

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
Other Restricted Fund
December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ -	\$ -	\$ 42,390	\$ 42,390
Total receipts	-	-	42,390	42,390
Disbursements				
Salary and benefits	11,476	11,476	12,137	(661)
Admin Charges	1,230	1,230	-	1,230
Supplies	1,800	1,800	620	1,180
Equipment	600	600	19	581
Contract Services	32,861	32,861	13,377	19,484
Training	2,033	2,033	67	1,966
Telephones	-	-	72	(72)
Other	-	-	19,430	(19,430)
Total disbursements	50,000	50,000	45,722	4,278
Receipts over (under) disbursements	(50,000)	(50,000)	(3,332)	46,668
Fund balances beginning of year, restated	-	-	-	-
Fund balances end of year	\$ (50,000)	\$ (50,000)	\$ (3,332)	\$ 46,668

See accompanying notes.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 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, 2011

NOTE 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, 2011

NOTE 1 - Description of the Council and Reporting Entity – (continued)

Intersystem Care Coordination (Formerly called “Cluster”)

Intersystem Care Coordination provides a cross-system mechanism to ensure the coordination of care for Lucas County children/youth, through the age of 21, and their families who have multi-systemic and complex needs. Intersystem Care Coordination in Lucas County is defined in the County-wide Intersystem Care Coordination Plan, as required by ORC 121.37 (C-F). Key components of the Intersystem Care Coordination Plan include –

- Special Assistance Funding
- Wraparound
- Funding for Intersystem Placements

Decisions about access to Intersystem Care Coordination, System of Care development and funding are made through the Intersystem Resource Team, convened by the Lucas County Family and Children First Council. Five public agencies, the Pooled Fund Group, pool funds dedicated to the funding of services for children and youth identified as eligible through the Intersystem Care Coordination process. The primary source of revenue for operations consists of Local Pooled Fund Contributions and a combination of State and Federal Funding through “Family-Centered Service and Support” funds through Ohio Family and Children First/Ohio Department of Mental Health. Pooled Fund Contributions 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.

NOTE 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.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 2 - Summary of Significant Accounting Policies – (continued)

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 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.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 2 - Summary of Significant Accounting Policies – (continued)

Intersystem Care Coordination – formerly “Cluster” – The Intersystem Care Coordination 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. This also includes FCSS funding through Ohio Family and Children First/Ohio Department of Mental Health.

Teen Pregnancy Prevention [formerly called Wellness Program] – The Teen Pregnancy Prevention Fund is used to account for revenue received and expended local grant monies for the specific purpose of providing technical assistance, data collection & management, and analysis of data related to the Reducing the Risk and Teen Outreach Programs – both directed at reducing teen pregnancy prevention.

Other Restricted – Smaller programs/projects that are more time limited and receive lower levels of funding are grouped under Other Restricted funds in our financial statements. While they are grouped under the category of Other Restricted they are still tracked separately in Peachtree, our accounting system. This has included programs/projects such as “Bridges out of Poverty”, and past programs such as “Family Development Matrix Information System”, and Maternal Health.

Children’s Trust Fund – As per ORC 3109, Sections 15 through 18, the Ohio Children’s Trust Fund provides funding to counties for the purpose of child abuse and neglect prevention. As required under revised code, each county’s Board of County Commissioners must either appoint a local advisory board or designate the County Family and Children First Council to serve as the advisory board. In Lucas County the Family and Children First Council is designated as the local advisory board and is responsible for making decisions about the proposed use and oversight of Children’s Trust Fund dollars allocated to Lucas County.

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 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.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 2 - Summary of Significant Accounting Policies – (continued)

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).
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. The County handles all aspects regarding investments.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 2 - Summary of Significant Accounting Policies – (continued)

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.

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 cash basis of accounting utilized by the Council.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 2 - Summary of Significant Accounting Policies – (continued)

Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

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

Committed

The Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Council or a Council official delegated that authority by resolution, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 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 \$818,304 (Family Council Account) and -\$1,360 (Children's Trust Fund Account). 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.

NOTE 4 - Contractual Commitments

At December 31, 2011, the Council had \$168,707 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 contracts as of December 31, 2011, this does not mean that we actually owe this amount.

VENDOR	AMOUNT
East Toledo Family Center	\$51,052
Toledo Children's Hospital	30,540
Lucas County	30,000
Toledo Lucas County Health Department	21,563
NAMI of Greater Toledo	10,568
United Way of Greater Toledo	9,450
Family & Child Abuse Prevention Center	7,836
SONIT Systems, Inc	7,698
Total	\$168,707

NOTE 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, 2011

NOTE 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description - The Council participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. Lucas County Family and Children First Council participated only in the Traditional Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the state and local divisions. For the year ended December 31, 2011, members in the state and local divisions contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2011 member and employer contribution rates were consistent across all three plans.

The Council's 2011 Contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. Employer contribution rates are actuarially determined.

The Council's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$496,812, \$496,143, and \$475,114 respectively. The full amount has been contributed for 2011, 2010 and 2009.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 7 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The Traditional Pension Plan-a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan-a defined contribution plan; and the Combined Plan-a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, aged and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presently separately in the OPERS financial report which may be obtained by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling 614-222-5601 or 800-222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contributions to OPERS is set aside for the funding of post retirement health care. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and their coverage selected. Active members do not make contributions to the post-employment health care plan.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 7 – Postemployment Benefits – (continued)

The Council's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were \$141,946, \$180,147 and \$199,378, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1, of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

NOTE 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, 2011.

NOTE 9 – Restatement of Fund Balances/Change in Accounting Principle

Various changes in county auditor coding from prior year transactions caused the following restatements:

<u>Funds:</u>	<u>12/31/2010</u>	<u>Adjustments</u>	<u>Adjusted 1/1/2011</u>
General	\$20,685	\$(14,705)	\$5,980
Help Me Grow	92,600	62,685	155,285
Intersystem Core Coordination	544,317	11,619	555,936
Children's Trust	(3,515)	(528)	(4,043)
Teen Pregnancy	9,075	7,480	16,555
Other Restricted	<u>15,712</u>	<u>(15,712)</u>	<u>0</u>
Total	<u>\$678,874</u>	<u>\$50,839</u>	<u>\$729,713</u>

For 2011, the Council implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the governmental funds are presented below:

Fund Balances	General Fund	Help Me Grow	Intersystem Core Coordination	Other Restricted	Children's Trust	Teen Pregnancy Prevention	Total
Restricted for							
Family and Children Servs	\$ -	\$ 312,525	\$ 441,414	\$ -	\$ -	\$ 19,210	\$ 773,149
<i>Total Restricted</i>	<u>-</u>	<u>312,525</u>	<u>441,414</u>	<u>-</u>	<u>-</u>	<u>19,210</u>	<u>773,149</u>
Unassigned (deficits):	48,488			(3,332)	(1,361)		43,795
<i>Total Fund Balances</i>	<u>\$48,488</u>	<u>\$312,525</u>	<u>\$441,414</u>	<u>(\$3,332)</u>	<u>(\$1,361)</u>	<u>\$19,210</u>	<u>\$816,944</u>

**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

<i>Federal Grantor/Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department Health</i>			
Special Education-Grants for Infants and Families With Disabilities Help Me Grow-Part C	84.181	\$ 598,545	\$ 374,302
ARRA Special Education-Grants for Infants and Families With Disabilities Recovery Act Help Me Grow-Part C	84.393A	<u>172,532</u>	<u>217,503</u>
Total U.S. Department of Education		771,077	591,805
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Lucas County Department of Job and Family Services</i>			
Temporary Assistance to Needy Families (TANF) Bridges out of Poverty	93.558	42,390	45,724
<i>Passed Through Ohio Department of Health</i>			
MIECHV Home Visitation Program	93.505	8,000	-
<i>Passed Through Ohio Department of Mental Health</i>			
Family-Centered Services and Supports Funding	93.556	<u>20,112</u>	<u>54,091</u>
Total U.S. Department of Health and Human Services		<u>70,502</u>	<u>99,815</u>
Total Federal Awards		<u>\$ 841,579</u>	<u>\$ 691,620</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, 2011

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 \$986,289 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

**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
2275 Collingwood Blvd. Suite 101
Toledo Ohio 43620

To the Council:

We have audited the financial statements of the governmental activities and each major fund of the Lucas County Family and Children First Council, Lucas County, (the Council) as of and for the year ended December 31, 2011, which collectively comprise the Council's basic financial statements and have issued our report thereon dated September 12, 2012, wherein we noted the Council followed the cash basis of accounting and adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented or detected and timely corrected.

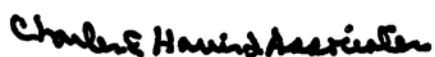
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated September 12, 2012.

We intend this report solely for the information and use of management, the audit committee, the governing board, 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.
September 12, 2012

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Cleveland OH 44113-1306
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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Lucas County Family and Children First Council
Lucas County
2275 Collingwood Blvd. Suite 101
Toledo Ohio 43620

To the Council:

Compliance

We have audited the compliance of the Lucas County Family and Children First Council, Lucas County, Ohio's (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 could directly and materially affect the Council's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Council's major federal programs. 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 opine on the Council's compliance based on our audit.

Our compliance audit followed 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*. These 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 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 of the Council's compliance with these requirements.

In our opinion, the Lucas County Family and Children First Council, Lucas County, Ohio complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended December 31, 2011.


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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over 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 management, the governing board, the audit committee, others within 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.

September 12, 2012

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

**Lucas County Family and Children First Council
Lucas County
December 31, 2011**

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>	No
(d)(1)(ii)	<i>Were there any 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 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>	Special Education-Grants for Infants and Families with Disabilities (Help Me Grow/Part C)-Regular and ARRA CFDA# 84.181 & 84.393A
(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

SCHEDULE OF FINDINGS - (continued)
OMB CIRCULAR A-133 SECTION .505

Lucas County Family and Children First Council
Lucas County
December 31, 2011

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

The prior audit report, for the year ending December 31, 2010, reported no material citations or recommendations.

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Dave Yost • Auditor of State

LUCAS COUNTY 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 6, 2012**