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104 South Sugar St.
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1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358



**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNCIL
Single Audit
For the Year Ended December 31, 2016**

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Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
• Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Council Members

Lucas County Family and Children First Council
1946 North 13th Street
Toledo, Ohio 43604

We have reviewed the *Independent Auditor's Report* of the Lucas County Family and Children First Council, Lucas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2016. 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

August 21, 2017

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

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Independent Auditor's Report..... | 1 |
| Management's Discussion and Analysis | 3 |
| Statement of Net Position – Cash Basis..... | 9 |
| Statement of Activities – Cash Basis..... | 10 |
| Statement of Cash Basis Assets and Fund Balances – Governmental Funds..... | 11 |
| Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds..... | 12 |
| Notes to the Financial Statements..... | 13 |
| Schedule of Federal Awards Expenditures..... | 26 |
| Notes to the Schedule of Federal Awards Expenditures..... | 27 |
| Independent Auditor's Report in Internal Control Over Financial Reporting and on Compliance on Other Matters Required by <i>Government Auditing Standards</i> | 28 |
| Independent Auditor's Report on Compliance with Requirements Applicable to the Major Program and Internal Control Over Compliance Required by the Uniform Guidance..... | 30 |
| Schedule of Audit Findings..... | 32 |

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INDEPENDENT AUDITOR'S REPORT

June 9, 2017

Lucas County Family and Children First Council
Lucas County
1946 North 13th Street
Toledo, Ohio 43604

To the Council:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Lucas County Family and Children First Council**, Lucas County, Ohio (the Council) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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Lucas County Family and Children First Council
Lucas County
Independent Auditor's Report
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lucas County Family and Children First Council, Lucas County, as of December 31, 2016, and the respective changes in cash financial position for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Federal Awards Expenditures presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

We applied no procedures to the Management's Discussion & Analysis presented on pages 3-8 of the report, and accordingly, we express no opinion or any other assurances on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2017, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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

This discussion and analysis of the Lucas County Family and Children First Council's (Council) financial performance provides an overall review of the Council's financial activities for the year ended December 31, 2016, within the limitations of the Council's cash basis accounting. 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 2015 are as follows:

- Important highlights for 2016 included:
 - a) **Healthier Buckeye Council Grant:** The Council was awarded a Healthier Buckeye Council (HBC) grant in Lucas County by the Ohio Department of Job and Family Services for the promotion and development of self-sufficiency and reducing reliance on public assistance through a community environment that maximizes opportunities for individuals and families to achieve optimal health.
 - b) **Health Profession Opportunity Grant:** Contracted by Zepf Center, a Behavioral Health Organization which is a lead grantee on Health Profession Opportunity Grant (HPOG). This grant is awarded by the U.S. Department of Health and Human Services to provide *Bridges out of Poverty* and *Getting Ahead* trainings for and on behalf of the grantee.
 - c) **Cross-System Ombudsman:** This is a contracted service to provide an independent review of cases in which persons were either denied services or are not in agreement with the findings/results of the services received. The Cross-System Ombudsman is funded through an interagency agreement with both Lucas County Children Services and the Lucas County Department of Job and Family Services.

As a result of these additional funding sources, overall budget increased by \$1,026,337 for the year ended December 31, 2016.

- Overall, receipts increased from \$4,404,995 in 2015 to \$5,145,582 in 2016, an increase of 17%. The majority of our reimbursement receipts came from the Early Head Start – Childcare Partnership Grant (EHS-CCP), in which WSOS is the lead grantee and the Lucas County Family and Children First Council is a delegate (sub-recipient). The funding that was received in 2016 was part of the first budget period of the EHS-CCP Grant.

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

- Total expenditures increased from \$4,219,822 in 2015 to \$5,329,155 in 2016; an increase of 26%. Major activities in our first year of the EHS-CCP Grant, in which WSOS is the lead grantee occurred in 2016.
- The Council's net position decreased by 78%, from \$236,364 at the end of 2015 to \$52,791 at the end of 2016. This was a decrease of \$183,573. This is primarily due to the fact that the funding for most of the programs administered by the Council are now cost-reimbursement agreements, including Early Heard Start funding, both the Birth to Five Grant and the EHS-CCP Grant, HPOG, HBC, Bridges out of Poverty, and most recently the Early Intervention Grant (Part C Funding) has changed over to cost-reimbursement.
- Outstanding commitments of the whole Council at the end of 2016 totaled \$162,760.
- There are multiple sources of council revenues. The following percentages represent the proportion of each program to the total revenue of council:
 - Early Head Start (CCP) – 31%
 - Head Start/Early Head Start – 21%
 - Intersystem Care Coordination – 17%
 - Help Me Grow – 14%
 - FCSS/SFSN – 5%
 - Central Office – 3%
 - Bridges out of Poverty (TANF) – 3%
 - Health Professional Opportunity Grant (HPOG) – 2%
 - Children Trust Fund – 2%
 - Healthy Buckeye Council – 1%
 - Other Local BOP funding – 1%
- The Ohio Department of Health provided \$517,086 in federal Part C and \$402,757 in State General funds for the Help Me Grow program for the calendar year 2016.

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, 2016
(Unaudited)

Report Components

The statement of net position 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 fund. The statement of cash basis assets and fund balances and the statement of cash receipts, disbursements and changes in cash basis fund balances highlight the cash position and the changes in the cash position by major fund. 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, 2016
(Unaudited)

Reporting the Government as a Whole

The statement of net position and the statement of activities reflect how the Council did financially during 2016, 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 2016.

Table 1 provides a summary of the Council's net position for 2016 compared to 2015 on a cash basis:

Table 1
Net Position

| | December 31 | |
|---------------------------|--------------------|-------------------|
| | 2016 | 2015 |
| Assets | | |
| Cash and cash equivalents | \$ 52,791 | \$ 236,364 |
| Total assets | \$ 52,791 | \$ 236,364 |
| Net position | | |
| Unassigned(deficit) | \$(446,077) | \$(170,483) |
| Restricted | 498,868 | 406,847 |
| Total net position | \$ 52,791 | \$ 236,364 |

As mentioned previously, in 2016 net position decreased by \$183,573 representing a 78% decrease compared to 2015.

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

Table 2 reflects the changes in net position during 2015. This table also shows a comparison with changes in net position for 2014.

Table 2
Statement of Activities

| | 2016 | 2015 |
|--|---------------------|---------------------|
| Operating Grants and Contribution | | |
| General Government | \$ 168,757 | \$ 189,431 |
| Social Services | 4,876,825 | 4,215,564 |
| General Receipt | | |
| Proceeds of County Advance | 100,000 | |
| Total Receipts | \$ 5,145,582 | \$ 4,404,995 |
| Disbursements | | |
| General Government | \$ 154,929 | \$ 201,767 |
| Social Services | 5,174,226 | 3,862,055 |
| General disbursement | | |
| Repayment of County Advance | 156,000 | |
| Total Disbursements | \$ 5,329,155 | \$ 4,219,822 |
| Changes in Net Position | \$(183,574) | \$ 185,172 |
| Net Position, beginning of year | 236,364 | 51,192 |
| Net Position, end of year | \$ 52,791 | \$ 236,364 |

Intergovernmental revenue represented 99% 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, Early Head Start, Early Head Start Childcare Partnership and the Intersystem Care 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 capital assets and infrastructure, the extent of the Council's reliance on nonlocal financial resources for operations and the need for continued growth in other local revenue sources.

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

Capital Assets and Debt Administration

The Council has no capital assets and no debt.

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 Sam Olaniran, Fiscal Officer, Lucas County Office of Family and Children First, 1946 North 13th St, Toledo, Ohio 43604.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY

STATEMENT OF NET POSITION - CASH BASIS

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Governmemtal Activities</u> |
|---------------------------|--------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 52,791 |
| Total Assets | <u>52,791</u> |
| Net Position | |
| Restricted | 498,868 |
| Unassigned (deficit) | <u>(446,077)</u> |
| Total Net Position | \$ 52,791 |

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

STATEMENT OF ACTIVITIES - CASH BASIS

**ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | Cash Disbursements | Program Cash Receipts | Net (Disbursements) Receipts and Changes in Net Position |
|--------------------------------|----------------------------|---|---|
| | | Operating Grants and Contributions | Governmental Activities |
| Governmental activities | | | |
| General government | \$ 154,929 | \$ 168,757 | \$ 13,828 |
| Social services | <u>5,174,226</u> | <u>4,876,825</u> | <u>(297,401)</u> |
| Total governmental activities | <u><u>\$ 5,329,155</u></u> | <u><u>\$ 5,045,582</u></u> | <u><u>(283,573)</u></u> |
| Other Financing Sources | | | |
| County Advance In | | | 100,000 |
| Changes in net position | | | |
| Net position beginning of year | | | (183,573) |
| Net position end of year | | | <u>236,364</u> |
| | | | <u><u>\$ 52,791</u></u> |

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

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES

**ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | General | Help Me Grow (HMG) | Early Head Start | Early Head Start (CCP) | Intersystem Coordination | LCFC Reserve | FSCC & SFSN Coordination | Other Governmental Funds | Total Governmental Funds |
|----------------------------|------------------|---------------------------|-------------------------|-------------------------------|---------------------------------|---------------------|-------------------------------------|---------------------------------|---------------------------------|
| Assets | | | | | | | | | |
| Cash and cash equivalents | \$ 13,828 | \$ (105,907) | \$ (256,549) | \$ (188) | \$ 348,789 | \$ 113,037 | \$ 37,042 | \$ (97,261) | \$ 52,791 |
| Total Assets | 13,828 | (105,907) | (256,549) | (188) | 348,789 | 113,037 | 37,042 | (97,261) | 52,791 |
| Fund Balances | | | | | | | | | |
| Restricted | - | - | - | - | 348,789 | 113,037 | 37,042 | - | 498,868 |
| Unassigned (deficit) | 13,828 | (105,907) | (256,549) | (188) | - | - | - | (97,261) | (446,077) |
| Total fund balances | \$ 13,828 | \$ (105,907) | \$ (256,549) | \$ (188) | \$ 348,789 | \$ 113,037 | \$ 37,042 | \$ (97,261) | \$ 52,791 |

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

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | General | Help Me Grow (HMG) | Early Head Start | Early Head Start (CCP) | Intersystem Coordination | LCFC Reserve | FCSS & SFSN Coordination | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|------------------|-------------------------------|-----------------------------|-----------------------------------|-------------------------------------|-------------------------|---|---|---|
| Receipts | | | | | | | | | |
| Intergovernmental | \$ 142,212 | \$ 1,005,248 | \$ 1,062,556 | \$ 1,565,401 | \$ 1,028,867 | \$ 13,037 | \$ 105,067 | \$ 406,263 | \$ 5,328,651 |
| Miscellaneous | 26,545 | (305,114) | - | - | (4,500) | - | - | - | (283,069) |
| Total Receipts | 168,757 | 700,134 | 1,062,556 | 1,565,401 | 1,024,367 | 13,037 | 105,067 | 406,263 | 5,045,582 |
| Disbursements | | | | | | | | | |
| Salary and benefits | 120,865 | 147,012 | 396,486 | 461,212 | 314,695 | - | 10,130 | 214,267 | 1,664,667 |
| Supplies | 2,059 | 6,356 | 11,302 | 85,044 | 3,753 | - | - | 21,594 | 130,108 |
| Contract services | 12,590 | 798,825 | 686,342 | 835,944 | 537,747 | - | 57,895 | 183,137 | 3,112,480 |
| Training | 2,080 | 946 | 29,232 | 60,155 | 6,658 | - | - | 34,280 | 133,351 |
| Telephone | 2,301 | 1,882 | 4,252 | 8,576 | 2,957 | - | - | 1,644 | 21,612 |
| Rent | 5,567 | 8,253 | 20,679 | 21,887 | 15,927 | - | - | 5,530 | 77,843 |
| Administrative charges | - | 12,793 | 31,148 | 43,986 | 30,436 | - | - | 11,452 | 129,815 |
| Other | 9,467 | - | 8,229 | 21,949 | 226 | - | - | 19,408 | 59,279 |
| Total Disbursements | 154,929 | 976,067 | 1,187,670 | 1,538,753 | 912,399 | - | 68,025 | 491,312 | 5,329,155 |
| Receipts Over (Under) Disbursements | 13,828 | (275,933) | (125,114) | 26,648 | 111,968 | 13,037 | 37,042 | (85,049) | (283,573) |
| Other Financing Sources | | | | | | | | | |
| County Advance In | - | - | - | - | - | 100,000 | - | - | 100,000 |
| Total Other Financing Sources | - | - | - | - | - | 100,000 | - | - | 100,000 |
| Change in Fund Balances | 13,828 | (275,933) | (125,114) | 26,648 | 111,968 | 113,037 | 37,042 | (85,049) | (183,573) |
| Fund Balances beginning of year | - | 170,026 | (131,435) | (26,836) | 236,821 | - | - | (12,212) | 236,364 |
| Fund Balances end of year | \$ 13,828 | \$ (105,907) | \$ (256,549) | \$ (188) | \$ 348,789 | \$ 113,037 | \$ 37,042 | \$ (97,261) | \$ 52,791 |

The notes to the financial statements are an integral part of this statement.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, 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);
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to Ohio Rev. Code Section 5153.15;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. 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 program assist the court in its administration of justice. Service of a judge as a judicial advisor pursuant to this section is a judicial function;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county commissioner, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

1. REPORTING ENTITY (Continued)

- m. 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"; and
- n. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's membership;

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

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

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

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

Develop and implement the following:

- a. An interagency process to establish local indicators and monitor the county's progress toward increasing child well-being;
- b. 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 FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

1. REPORTING ENTITY (Continued)

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

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 Care Coordination, General Administration, Help Me Grow services, Head Start/Early Start program, Early Head Start – Childcare Partnership program, Strengthen Families, Bridges out of Poverty, Lucas County Healthier Buckeye program, Health Professionals Opportunity program and Cross – System Ombudsman Services that all seek to promote 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 management's discussion and analysis, government-wide statements, including a statement of net position, a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the Council at year-end. The statement of activities presents a comparison between direct disbursements and receipts for each program 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 receipt 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 disbursement with program receipts identifies the extent to which each governmental program is self-financing or draws from the general receipts of the Council.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and other aggregated in another column called "Other" which represents funds that are not considered major funds.

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. All of Council's programs are on a cost reimbursement basis. As a result, a number of our programs ended with deficit fund balances at year end. Because of the size of the Council's General Fund, it is impossible to cover the deficits with "Advances" from the General Fund.

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 from Federal, State, and local funding and expended to support family-centered services for infants and toddlers to age 3 with developmental delay, disability, or a medical condition likely to result in a delay or disability. It also provides first time expectant or new parents the information and support they need to be prepared for the birth of their child and provides ongoing education and support for families to maximize their child's health and development to age 3.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intersystem Care Coordination – 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 Developmental Disabilities, Lucas County Alcohol and Drug Addiction Services Board, and Toledo Public Schools and expended for youth referred for intersystem coordination of services.

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-system and complex needs. Intersystem Care Coordination is Lucas County is defined in the County-wide Intersystem Care Coordination Plan, a 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 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 amounts of funding needed to fulfill obligations.

Family-Centered Services and Supports/Strong Family Safe Communities – This funding provides maintenance to children and youth in their homes through the provision of non-clinical, community based services. Funding is provided through Ohio Family and Children First/Ohio Department of Mental Health.

Head Start/Early Head Start – This fund is used to provide high-quality child development services to eligible Pregnant Women, and Early Head Start children, ages 0 to 3 years old residing in the county from low-income families and quality services to their families in accordance with the Head Start Act, as amended by other regulations.

Early Head Start Child Care Partnership – In 2015, the council became a delegate for the Early Head Start Child Care Partnership grant for WSOS Community Action Commission, Inc., as a grantee. This fund is used to provide high-quality child development services to eligible Early Head Start children, ages 6 months to 3 years old residing in the county from low-income families and quality services to their families in accordance with the Head Start Act, as amended by other regulations.

LCFC Reserve – This fund is used to account for "Advance In" receipts so as to avoid a negative total fund balance at the end of the year.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other – Programs grouped under “Other” in our financial statements are those that did not pass the major fund test. However, these programs are separately tracked in our financial system.

- a. **Bridges out of Poverty:** helps people to develop an effective understanding of poverty and how this impacts their lives and focus on strategies that build community capacity to move people out of poverty.
- b. **Children’s Trust Fund:** provides funding to counties for child abuse and neglect prevention.
- c. **Lucas County Healthier Buckeye Council (HBC):** promote and development of self-sufficiency and reduce reliance on public assistance through a community environment that maximizes opportunities for individuals and families to achieve optimal health.
- d. **Health Profession Opportunity Grant (HPOG):** provides funding to facilitate how training opportunities can help people improve their skills and find better jobs.
- e. **Cross-System Ombudsman Services:** assistance provided to independently review complaints from persons that have either been denied or are challenging the outcome of services and supports from Lucas County Children Services and the Lucas County Job and Family Services and provide recommendations to each agency based on a completed investigation.

Administrative and Fiscal Agent

The Board of Lucas County Commissioners serves as the administrative and fiscal agent for the Council. The funds are maintained in a separate special revenue fund and broken down by sub fund (programs) by the Lucas County Auditor.

Basis of Accounting

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.

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 limitation resulting from the use of the cash basis of accounting.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments

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 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments (Continued)

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.

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 Position

These statements report restricted net position when enabling legislation or creditors, grantors or laws, or regulations of other governments have imposed limitation 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

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. All funds are 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 decreased in revenue are identified by the Executive Director. The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources.

The Council filed an estimate of financial resources and an appropriation measure with the Board of Lucas County Commissioners as required by Ohio law.

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 a liability under the cash basis of accounting utilized by the Council.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

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 *non-spendable* 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 or enabling legislation.

Committed - The Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council 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 policies of the Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

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

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

3. DEPOSITS AND INVESTMENTS

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 \$52,791. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

4. CONTRACTUAL COMMITMENTS

At December 31, 2016, the Council had \$162,760 in contractual commitments for services provided to children and families. These contracts will be funded by federal, state and local program grants, whose funding follows June 30 and September 30 fiscal years rather than the Council's calendar fiscal year. While all of itemized commitments in the following list were outstanding encumbrances as of December 31, 2016, it does not mean they will translate into actual liability, but rather what is encumbered and may be used by the provider after December 31, 2016.

| VENDOR | AMOUNT | VENDOR | AMOUNT |
|-------------------------------|---------------|-----------------------------------|-------------------|
| Aha! Process Inc. | \$ 4,673 | Kaplan Early Learning Company | \$ 96 |
| Albert Earl | 6,085 | Kristin Nicole Castillo Hearns | 5 |
| Alexii Collins | 6,500 | Manpower Temporary | 7 |
| Alisa D. Groves | 12 | Marilyn L. Parker | 3,528 |
| Angie Bowser | 600 | Mauder Heating & Air Conditioning | 6,969 |
| Asset Protection Corp | 726 | Mercy St. Vincent Medical Center | 296 |
| Bryan Williams | 175 | Office Max Inc. | 2 |
| Cherylanne Norwood | 16,130 | Ohio Head Start Association | 70 |
| Community Products LLC | 477 | Pam's Corner Ltd. | 193 |
| Crystal Harris Damell | 19,590 | Pods, Inc | 69 |
| Deidre L. Washington | 3,430 | Polly A. Taylor | 3,385 |
| Donna Marie Craig | 2 | Procare Health Systems, LLC | 900 |
| Early Childhood LLC | 24 | Sandra A. Johnson | 89 |
| East Toledo Family Center | 810 | Steven Van Lines, Inc | 100 |
| Family & Child Abuse | 788 | Teachstone Training, LLC | 900 |
| Foundations For Families, LLC | 1,720 | The Catholic Club | 11,615 |
| Gary D. Frail | 2,030 | Thomas Day Care, Inc | 5,369 |
| Gayle Nicole Lake | 7,200 | Toledo Lucas County Health | 9,700 |
| Habitec Security Inc | 814 | Wipfli LLP | 495 |
| Harbor | 16,481 | YMCA of Greater Toledo | 70 |
| John E. Gerschutz | 21,290 | Young Services, Inc | 8,950 |
| Kaitlyn's Cottage, Inc, | 395 | Total | \$ 162,760 |

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 FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

6. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as follows: The Traditional Pension Plan – a cost sharing, multiple-employer defined 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 – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invest employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by 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 visiting <http://www.opers.org/investments/cafr.shtml>, by writing 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 2016, member and employer contribution rates were consistent across all three plans. While members in state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2016 member contribution rates were 10.0% of covered payroll for members in state and local classifications. The 2016 employer contribution rate for state and local employers was 14.0% for covered payroll. The Council's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2016, 2015 and 2014, were \$165,760, \$142,522, and \$89,430, respectively; 88% has been contributed for 2016 and 100% has been contributed for 2015 and 2014.

7. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Plan 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 health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both Traditional Pension and the Combined plans. Members of the Member-Directed do not qualify for ancillary benefits, including post-employment health care coverage.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

7. POSTEMPLOYMENT BENEFITS (Continued)

Ohio Public Employees Retirement System (Continued)

In order to qualify for post-employment health coverage, age-and-service retirees under the Traditional Pension and Combined plans must have ten years or more of qualifying Ohio service credit. Health coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <http://www.opers.org/investments/cafr.shtml>, by writing OPERS, 277 East Town Street, Columbus, OH 43216-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for funding of post retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016, state and local employers contributed at a rate of 14.0% of covered payroll. These are the maximum employer contributions rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and administered in accordance with, Internal Revenue Code 401(h). 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 in the Traditional Plan and Combined Plan was 2.00% during calendar year 2016. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post employment healthcare plan.

8. CONTINGENT LIABILITIES/GRANTS

The Council received financial assistance from federal and state agencies in the form of grants. The expenditure of fund received under these programs generally required compliance with terms and condition 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, 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)**

9. LONG TERM COMMITMENT

The Council entered into a 10-year office space lease agreement with Toledo Business Technology Center, LLP on December 21, 2016. This agreement will move the Council's operations to a new location effective no later than sixty days after the lease signed date. This agreement has two components to it: rent and improvement to space. Council can exercise the right to terminate the rent portion without any financial obligation if total funding falls below 50% ninety days after the lease termination notice is delivered to the lessor. However, Council has a financial obligation to pay the unamortized cost of the improvement of the space portion as of that date. This obligation as of December 31, 2016 equals \$150,000

10. INTERGOVERNMENTAL ADVANCE IN

The Lucas County Board of Commissioners through the operations management and budget office advanced \$100,000 into the Council's reserve account in 2016 to ensure the Council was in compliance with Ohio Revised Code regarding positive fund balances at year end. This Advance will be repaid in 2017.

**Lucas County Family and Children First Council
Lucas County
Schedule of Federal Awards Expenditures**

Year Ended December 31, 2016

| Federal Grantor/ Pass Through Grantor/ Program Title | Federal CFDA Number | Pass Through Number | Disbursements | Passed Through to Subrecipients |
|---|---------------------------|---------------------------|---------------------|---------------------------------------|
| United States Department of Education | | | | |
| Passed Through Ohio Department of Developmental Disabilities (DODD): | | | | |
| Special Education – Grants for Infants and Families With Disabilities (Help Me Grow – Part C)* - KS017 | 84.181 | 04810021HG0817 | \$ 33,536 | \$ 31,500 |
| Passed Through Ohio Department of Health (ODH): | | | | |
| Special Education – Grants for Infants and Families With Disabilities (Help Me Grow – Part C)* - KS016 | 84.181 | 04810021HG0716 | 364,866 | 356,057 |
| Total United States Department of Education | | | \$ 398,402 | \$ 387,557 |
| United States Department of Health and Human Services | | | | |
| Passed through the Ohio Department of Job and Family Services: | | | | |
| CAPTA Funding - KT016 | 93.590 | G-1617-22-0387 | \$ 83,650 | \$ - |
| Passed through the Ohio Mental Health and addiction Services (OMHAS) and Lucas County Mental Health & Recovery Service Board | | | | |
| MH Block Grant -KF017 | 93.958 | N/A | 855 | - |
| Passed through WSOS Community Action Commission: | | | | |
| Early Head Start - Childcare Partnership - KE017 | 93.600 | 05-HP0019-02-01 | 417,502 | - |
| Early Head Start - Childcare Partnership - KE016 | 93.600 | 05-HP0019-02-01 | 1,120,332 | - |
| Total Early Head Start | | | 1,537,834 | - |
| Passed Through Lucas County Department of Job and Family Services | | | | |
| Temporary Assistance to Needy Families (TANF) | 93.558 | 48-17-TANF-08 | 19,773 | 630 |
| Bridges out of Poverty - KB017 | 93.558 | 48-16-TANF-08 | 88,542 | 5,708 |
| Total Bridges out of Poverty | | | 108,315 | 6,338 |
| Title XX | | | | |
| Social Services Block Grant - KP016 | 93.667 | 48-16-TXX-03 | 18,000 | - |
| Passed Through Ohio Department of Family and Children First (OFCF) | | | | |
| Family Centered Services and Support** | | | | |
| Stephanie Tubbs Jones Childcare Welfare Services Program - KF017 | 93.645 | 1700405 | 4,846 | - |
| Promoting Safe and Stable Families - KF017 | 93.556 | 5AU-17-C0048 | 39,206 | - |
| Stephanie Tubbs Jones Childcare Welfare Services Program - KO016 | 93.645 | N/A | 9,794 | - |
| Promoting Safe and Stable Families - KO016 | 93.556 | N/A | 79,242 | - |
| Total FCSS | | | 133,088 | - |
| Total United States Department of Health and Human Services | | | \$ 1,881,742 | \$ 6,338 |
| Total Federal Assistance | | | \$ 2,280,144 | \$ 393,895 |

* This is a blended funding grant - in SFY 2016 76% of grant were federal and in SFY 2017; 10% of grant were federal. Only the federal portion of total grant is reported on the SEFA

** The Family Centered Services and Supports grant is blended funding. 75% is federal/ 25% is non-federal. Federal portion reported is made up of Title IV-B part 1 11% and Title IV-B part 2 89%..

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
2 CFR 200.510(B)(6)
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note A – Significant Accounting Policies

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the federal award activity of the Lucas County Family and Children First Council, Lucas County, Ohio (the Council) under programs of the federal government for the year ended December 31, 2016. The information on this schedule has been prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Council.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Council has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C – Subrecipients

The Council passes certain federal awards 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 B, the Council records expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Council has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

Note D – Matching Requirements

Certain Federal programs require the Council to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Council has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

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

June 9, 2017

Lucas County Family and Children First Council
Lucas County
1946 North 13th Street
Toledo, Ohio 43604

To the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Lucas County Family and Children First Council**, Lucas County, (the Council), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated June 9, 2017, wherein we noted the Council uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, unidentified material weaknesses may exist.

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Lucas County Family and Children First Council
Lucas County
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

June 9, 2017

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

To the Council:

Report on Compliance for the Major Federal Program

We have audited **Lucas County Family and Children First Council's**, (the Council) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Council's major federal program for the year ended December 31, 2016. The *Summary of Audit Results* in the accompanying schedule of audit findings and questioned costs identifies the Council's major federal program.

Management's Responsibility

The Council's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Council's compliance for the Council's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Council's compliance.

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Lucas County Family and Children First Council
Lucas County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance
Page 2

Opinion on the Major Federal Program

In our opinion, the Council complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2016.

Report on Internal Control Over Compliance

The Council's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Council's internal control over compliance with applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine 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's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. SUMMARY OF AUDIT RESULTS

| | | |
|--------------|--|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material weaknesses internal control weaknesses reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under 2 CFR§200.516(a)? | No |
| (d)(1)(vii) | Major Programs (list): | Early Head Start – Childcare Partnership – CFDA# 93.600 |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs | Type A: > \$ 750,000 Type B: all other |
| (d)(1)(ix) | Low Risk Auditee Under 2 CFR§200.520? | Yes |

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

LUCAS 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
AUGUST 31, 2017