

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

LUCAS COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2007

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



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Lucas County Family and Children First Council, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 24, 2008

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LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY, OHIO
Audit Report
For the year ended December 31, 2007

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**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY, OHIO
Audit Report
For the year ended December 31, 2007**

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lucas County Family and Children First Council, Lucas County, Ohio, (the Council), as of and for the year ended December 31, 2007, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Lucas County Family and Children First Council, Lucas County, Ohio, as of December 31, 2007, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund and each major Special Revenue Fund thereof for the year then ended in conformity with accounting basis Note 2 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2008 on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basis financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2007, is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all materials respects in relation to the basic financial statements taken as a whole.

Charles E. Harris & Associates, Inc.

August 10, 2008

Lucas County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2007
(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, 2007, 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 2007 are as follows:

- Total net assets decreased by \$7,328 during 2007, which represents a 1.6% decrease in net assets from fiscal year 2006.
- The Council's general fund net assets increased by \$39,492 – from \$38,167 to \$77,659, an increase of 103% increase. This was below budget forecast - \$82,406 by \$4,747.
- The Council's revenues are from support from the Federal government, including TANF, and Part C funds; State general revenue funds; and local revenues were primarily the result of Pooled fund contributions to support Cluster, and United Way funding to support Help Me Grow and the evaluation of Teen Pregnancy Prevention efforts in Lucas County. These receipts are 100% of the Council's revenues.
- The Ohio Family and Children First Council provided \$20,000 in support of general fund operations through the State Administrative Grant (Operational Capacity Building Funds). An additional \$7,500 was provided by Ohio Family and Children First toward HB 289 planning efforts.
- The Ohio Department of Health provided \$455,748 in federal Part C and \$504,983 in state general funds for the Help Me Grow program.
- The Lucas County Department of Job and Family Services provided \$15,857 in federal TANF funds for the Help Me Grow and Learn program, \$45,042 for the Bridges Out of Poverty Training program, and \$572,734 to support the Teen Pregnancy Prevention Program.
- The Ohio Department of Job and Family Services provided \$2,073,585 in federal TANF funds (passed through the Lucas County Department of Job and Family Services) for the Help Me Grow program.
- The United Way of Greater Toledo provided \$23,333 to support the provision of ongoing technical assistance and the evaluation of targeted teen pregnancy prevention efforts in Lucas County; and \$171,594 to support the expansion of Newborn Home Visits through Help Me Grow.

Lucas County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2007
(Unaudited)

Overview of the Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Council's cash basis of accounting.

Report Components

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. These financial statements follow the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's cash basis of accounting, receipts are recognized when received in 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, 2007
(Unaudited)

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Council did financially during 2007, 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 2007.

Table 1 provides a summary of the Council's net assets for 2007 compared to 2006 on a cash basis:

**Table 1
Net Assets**

	December 31	
	2007	2006
Assets		
Cash and cash equivalents	\$ 486,613	\$ 493,941
Total assets	\$ 486,613	\$ 493,941
 Net assets		
Unrestricted	\$ 62,918	\$ 38,167
Restricted for grant services	423,695	455,774
	\$ 486,613	\$ 493,941

As mentioned previously, net assets decreased by \$7,328 or 1.5% during 2007. This is primarily a reflection of a decrease in restricted funds assets by \$32,079 and an increase in unrestricted assets by \$24,751, or 7.6% increase.

Lucas County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2007
(Unaudited)

Table 2 reflects the changes in net assets during 2007. This table also shows a comparison with changes in net fund balances for 2006.

Table 2
Change in Net Assets

	<u>2007</u>	<u>2006</u>
Receipts		
Intergovernmental	\$ 4,987,743	\$ 5,917,660
Donations	201,681	0
Miscellaneous	4,658	77
Total receipts	<u>5,194,082</u>	<u>5,917,737</u>
Disbursements		
Salary and benefits	539,620	580,759
Supplies	14,749	10,989
Equipment	12,871	7,015
Contract services	4,098,174	4,522,599
Training	15,884	15,127
Telephones	4,775	5,202
Administrative charges	384,856	301,591
Other	130,481	160,552
Total disbursements	<u>5,201,410</u>	<u>5,603,834</u>
Excess receipts under disbursements	(7,328)	313,903
Fund balances, beginning of year	493,941	180,038
Fund balances, end of year	<u>\$ 486,613</u>	<u>\$ 493,941</u>

Intergovernmental revenue represented 96% 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, Teen Pregnancy and Cluster programs through contractors in the community.

These statements report the Council's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes are one way to measure the Council's financial health. Over time, increases or decreases in the Council's cash position is one indicator of whether the Council's financial health is 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, 2007
(Unaudited)

Capital Assets and Debt Administration

The Council has no capital assets and no debt.

Budgetary Highlights

The Council's 2007 financial statements include budgetary statements for the General, Help Me Grow (HMG), Teen Pregnancy Prevention, Cluster, Bridges Out of Poverty, and Other (which includes miscellaneous smaller projects/programs). The Council made revisions to the General Fund and the Teen Pregnancy Prevention budgets but not to the other Restricted Fund budgets during the course of the year. The variances between the budget and actual results were spread over numerous line items in the funds.

Request for Information

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

Lucas County Family and Children First Council
Statement of Net Assets – Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 486,613
Total Assets	<u>486,613</u>
Net assets	
Restricted for grant services	423,695
Unrestricted	62,918
Total Net Assets	<u>\$ 486,613</u>

See accompanying notes.

Lucas County Family and Children First Council
Statement of Activities – Cash Basis
December 31, 2007

	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Operating Grants and Contributions	Governmental Activities
Governmental activities			
General government	\$ 406,060	\$ 445,552	\$ 39,492
Social services	4,795,350	4,743,872	(51,478)
Total governmental activities	<u>\$ 5,201,410</u>	<u>\$ 5,189,424</u>	<u>(11,986)</u>
General receipts			
Miscellaneous			4,658
Total general receipts			<u>4,658</u>
Changes in net assets			(7,328)
Net assets beginning of year			493,941
Net assets end of year			<u>\$ 486,613</u>

See accompanying notes.

Lucas County Family and Children First Council
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Help Me Grow (HMG)	Cluster (Pooled Funds)	Other Restricted	Teen Pregnancy Prevention	Bridges Out of Poverty	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 77,659	\$ 127,198	\$ 399,059	\$ 2,658	\$ (113,928)	\$ (6,033)	\$ 486,613
Total assets	<u>77,659</u>	<u>127,198</u>	<u>399,059</u>	<u>2,658</u>	<u>(113,928)</u>	<u>(6,033)</u>	<u>486,613</u>
Fund balances							
Unreserved:							
Undesignated-General fund	77,659	-	-	-	-	-	77,659
Designated-Special revenue	-	127,198	399,059	2,658	(113,928)	(6,033)	408,954
Total fund balances	<u>\$ 77,659</u>	<u>\$ 127,198</u>	<u>\$ 399,059</u>	<u>\$ 2,658</u>	<u>\$ (113,928)</u>	<u>\$ (6,033)</u>	<u>\$ 486,613</u>

See accompanying notes.

Lucas County Family and Children First Council
Statement of Cash Receipts, Disbursements,
and Changes in Cash Basis Fund Balances
Governmental Funds
Year Ended December 31, 2007

	General	Help Me Grow (HMG)	Cluster (Pooled Funds)	Other Restricted	Teen Pregnancy Prevention	Bridges Out of Poverty	Total Governmental Funds
Receipts							
Intergovernmental	\$ 441,513	\$ 3,050,174	\$ 878,280	\$ -	\$ 572,734	\$ 45,042	\$ 4,987,743
Donations	-	171,931	-	6,417	23,333	-	201,681
Miscellaneous	4,039	-	409	210	-	-	4,658
Total receipts	<u>\$ 445,552</u>	<u>\$ 3,222,105</u>	<u>\$ 878,689</u>	<u>\$ 6,627</u>	<u>\$ 596,067</u>	<u>\$ 45,042</u>	<u>\$ 5,194,082</u>
Disbursements							
Salary and benefits	259,445	149,095	130,166	690	-	224	539,620
Supplies	8,788	2,162	1,341	-	2,458	-	14,749
Equipment	11,205	430	1,071	-	165	-	12,871
Contract services	12,515	2,680,917	819,228	-	569,659	15,855	4,098,174
Training	7,461	2,418	3,114	-	2,891	-	15,884
Telephones	2,323	1,074	880	-	453	45	4,775
Administrative charges	-	261,435	64,405	2,124	56,892	-	384,856
Other	104,323	13,189	950	-	11,998	21	130,481
Total disbursements	<u>\$ 406,060</u>	<u>\$ 3,110,720</u>	<u>\$ 1,021,155</u>	<u>\$ 2,814</u>	<u>\$ 644,516</u>	<u>\$ 16,145</u>	<u>\$ 5,201,410</u>
Change in fund balances	39,492	111,385	(142,466)	3,813	(48,449)	28,897	(7,328)
Fund balances beginning of year	38,167	15,813	541,525	(1,155)	(65,479)	(34,930)	493,941
Fund balances end of year	<u>\$ 77,659</u>	<u>\$ 127,198</u>	<u>\$ 399,059</u>	<u>\$ 2,658</u>	<u>\$ (113,928)</u>	<u>\$ (6,033)</u>	<u>\$ 486,613</u>

See accompanying notes.

Lucas County Family and Children First Council
Statement of Cash Receipts, Disbursements, and Changes in
Cash-Basis Fund Balances – Budget and Actual – Budget Basis
General Fund
Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Administrative Charges	\$ 382,732	\$ 345,757	\$ 441,513	\$ 95,756
Miscellaneous	62,820	62,820	4,039	(58,781)
Total receipts	<u>\$ 445,552</u>	<u>\$ 408,577</u>	<u>\$ 445,552</u>	<u>\$ 36,975</u>
Disbursements				
Salary and benefits	280,929	271,438	259,445	11,993
Supplies	900	3,900	8,788	(4,888)
Equipment	3,000	3,000	11,205	(8,205)
Contract Services & Professional Services	15,000	15,000	12,515	2,485
Training	4,000	8,000	7,461	539
Telephones	3,000	3,000	2,323	677
Other	60,000	60,000	104,323	(44,323)
Total disbursements	<u>\$ 366,829</u>	<u>\$ 364,338</u>	<u>\$ 406,060</u>	<u>\$ (41,722)</u>
Change in Fund Balance	78,723	44,239	39,492	(4,747)
Fund balances beginning of year	38,167	38,167	38,167	-
Fund balances end of year	<u>\$ 116,890</u>	<u>\$ 82,406</u>	<u>\$ 77,659</u>	<u>\$ (4,747)</u>

See accompanying notes.

Lucas County Family and Children First Council
Statement of Cash Receipts, Disbursements, and Changes in
Cash-Basis Fund Balances – Budget and Actual – Budget Basis
Help Me Grow (HMG)
Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 2,840,807	\$ 2,840,807	\$ 3,050,174	\$ 209,367
Donations	114,569	114,569	171,931	57,362
Total receipts	<u>2,955,376</u>	<u>2,955,376</u>	<u>3,222,105</u>	<u>266,729</u>
Disbursements				
Salary and benefits	175,605	175,605	149,095	26,510
Administrative Charges	191,530	191,530	261,435	(69,905)
Supplies	1,900	1,900	2,162	(262)
Equipment	-	-	430	(430)
Contract Services	2,600,000	2,600,000	2,680,917	(80,917)
Training	3,500	3,500	2,418	1,082
Telephones	1,300	1,300	1,074	226
Other	20,000	20,000	13,189	6,811
Total disbursements	<u>2,993,835</u>	<u>2,993,835</u>	<u>3,110,720</u>	<u>(116,885)</u>
Change in Fund Balance	(38,459)	(38,459)	111,385	149,844
Fund balances beginning of year	15,813	15,813	15,813	-
Fund balances end of year	<u>\$ (22,646)</u>	<u>\$ (22,646)</u>	<u>\$ 127,198</u>	<u>\$ 149,844</u>

See accompanying notes.

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

Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 884,200	\$ 884,200	\$ 878,280	\$ (5,920)
Miscellaneous	-	-	409	409
Total receipts	884,200	884,200	878,689	(5,511)
Disbursements				
Salary and benefits	130,039	130,039	130,166	(127)
Administrative Charges	57,452	57,452	64,405	(6,953)
Supplies	1,800	1,800	1,341	459
Equipment	3,000	3,000	1,071	1,929
Contract Services	740,000	740,000	819,228	(79,228)
Training	4,000	4,000	3,114	886
Telephones	920	920	880	40
Other	1,970	1,970	950	1,020
Total disbursements	939,181	939,181	1,021,155	(81,974)
Change in Fund Balance	(54,981)	(54,981)	(142,466)	(87,485)
Fund balances beginning of year	541,525	541,525	541,525	-
Fund balances end of year	<u>\$ 486,544</u>	<u>\$ 486,544</u>	<u>\$ 399,059</u>	<u>\$ (87,485)</u>

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
Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 820,417	\$ 518,542	\$ 572,734	\$ 54,192
Donations	23,333	23,333	23,333	-
Total receipts	843,750	541,875	596,067	54,192
Disbursements				
Administrative Charges	68,210	58,000	56,892	1,108
Supplies	2,000	2,000	2,458	(458)
Equipment	-	-	165	(165)
Contract Services	742,375	396,922	569,659	(172,737)
Training	1,500	1,500	2,891	(1,391)
Telephones	450	450	453	(3)
Other	25,000	25,000	11,998	13,002
Total disbursements	839,535	483,872	644,516	(160,644)
Change in Fund Balance	4,215	58,003	(48,449)	(106,452)
Fund balances beginning of year	(65,479)	(65,479)	(65,479)	-
Fund balances end of year	<u>\$ (61,264)</u>	<u>\$ (7,476)</u>	<u>\$ (113,928)</u>	<u>\$ (106,452)</u>

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
Bridges Out of Poverty
Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ -		\$ 45,042	\$ 45,042
Total receipts	-	-	45,042	45,042
Disbursements				
Salary and benefits	-	-	224	(224)
Contract Services	-	-	15,855	(15,855)
Telephones	-	-	45	(45)
Other	-	-	21	(21)
Total disbursements	-	-	16,145	(16,145)
Change in Fund Balance	-	-	28,897	28,897
Fund balances beginning of year	(34,930)	(34,930)	(34,930)	-
Fund balances end of year	\$ (34,930)	\$ (34,930)	\$ (6,033)	\$ 28,897

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 Fund
Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts				
Donations	\$ 37,500	\$ 37,500	\$ 6,417	\$ (31,083)
Miscellaneous	-	-	210	210
Total receipts	<u>37,500</u>	<u>37,500</u>	6,627	(30,873)
Disbursements				
Salary and benefits	-	-	690	(690)
Administrative Charges	-	-	2,124	(2,124)
Contract Services	<u>37,500</u>	<u>37,500</u>	-	37,500
Total disbursements	<u>37,500</u>	<u>37,500</u>	<u>2,814</u>	<u>34,686</u>
Change in Fund Balance	-	-	3,813	3,813
Fund balances beginning of year	<u>(1,155)</u>	<u>(1,155)</u>	<u>(1,155)</u>	-
Fund balances end of year	<u>\$ (1,155)</u>	<u>\$ (1,155)</u>	<u>\$ 2,658</u>	<u>\$ 3,813</u>

See accompanying notes.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2007

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, 2007

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, 2007

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

Children’s Cluster

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

Reporting Entity

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

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements follow the cash basis of accounting.

The Council’s basic financial statements consist of government-wide statements, including a statement of net assets, a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

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

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

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2007

2. Summary of Significant Accounting Policies – (continued)

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

The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing or draws from the general receipts of the Council.

Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council utilizes the governmental category of funds.

Governmental Funds

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

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

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

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

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

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2007

2. Summary of Significant Accounting Policies – (continued)

Bridges Out of Poverty Fund – The Bridges out of Poverty Fund is used to account for revenue received and expended from Federal TANF funds to support the Bridges of Poverty program – this program was ended as of June 30, 2007.

Administrative and Fiscal Agent

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

Measurement Focus

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

Basis of Accounting

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

Cash

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

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

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

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2007

2. Summary of Significant Accounting Policies – (continued)

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

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

Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. Acquisitions of property are not reflected as an asset under the 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

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2007

3. Summary of Significant Accounting Policies – (continued)

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.

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 \$486,613. The Lucas County Board of Commissioners is responsible for maintaining adequate depositor collateral for all funds in the County's pooled cash and deposit accounts.

4. Contractual Commitments

At December 31, 2007, the Council had \$521,242 in contractual commitments for services provided to children and families. These contracts will be funded by federal and state program grants, whose funding follows the State fiscal year of July 1 through June 30 rather than a calendar fiscal year. While all of itemized commitments in the following list were outstanding encumbrances as of December 31, 2007, this does not mean that we actually owe this amount, but rather what is encumbered and may be used by the provider.

Agency	Amount
Lutheran Social Services of NW Ohio (Help Me Grow)	\$885
Gilmore, Jasion, and Mahler, Ltd. (admin)	\$2,460
Lucas County Board of MRDD (Help Me Grow)	\$684
Toledo Museum of Art (will be released) (Teen Pregnancy)	\$4,527
Sunshine Children's Home (Cluster)	\$7,610
Lucas County Children Services (Cluster)	\$64,916
House of Emmanuel (Cluster)	\$8,925

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2007

Agency	Amount
Connecting Point (Cluster)	\$1,705
Firm Foundations (Cluster)	8,065
Applewood (Cluster)	5,120
Anne Grady Center (Cluster)	44
Act 1, Inc. (Cluster)	\$5,204
Connell Abraxas (Cluster)	1,552
Connecting Point (Help Me Grow)	22,503
Ohio Family Teaching Homes (Cluster)	9,470
Community Teaching Homes (Cluster)	2,650
Keystone Richland Center (Cluster)	1,390
Adriel School (Cluster)	4,200
Youth Advocate Program	\$25,000
Friendly Center (Help Me Grow)	22,633
East Toledo Family Center (Help Me Grow)	32,606
Wyman – facilitator training (admin)	3,240
ENA, Inc. (Cluster)	2,700
Youth Community Connection (Cluster)	8,000
Family and Child Abuse Prevention Center (Help Me Grow)	20,029
Toledo Children’s Hospital (Help Me Grow)	92,943
NW Ohio Center for Families and Children (Help Me Grow)	8,478
SAFY, Inc. (Cluster)	184
Toledo-Lucas County Regional Health District (Teen Pregnancy)	9,012
Harbor Behavioral Healthcare (Help Me Grow)	61,213
UT – Health Science Campus (Help Me Grow)	10,000
Toledo-Lucas County Regional Health District (Help Me Grow)	46,643
Willie Smith (Cluster)	2,100
Berea Children’s Home (Cluster)	24,000
David Kontur – travel/training reimbursements (admin)	551
Total	\$521,242

Source: Lucas County Auditor – Certified and Unpaid Items Report

5. Risk Management

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

6. Pension Obligations

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

- The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2007

6. Pension Obligations – (continued)

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007 member and employer contribution rates were consistent across all three plans.

The 2007 member contribution rates were 9.5% for members in classifications other than law enforcement and public safety. The 2007 employer contribution rate for local government employer units was 13.85% of covered payroll. The Council's contributions for pension obligations to the traditional, combined, and member directed plans for the years ended December 31, 2007, 2006 and 2005 were \$52,961, 58,148 and \$44,964, respectively.

7. Postemployment Benefits Other Than Pension Benefits

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

OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Healthcare coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in Government Accounting Standards Board (GASB) Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85% of covered payroll; 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007 of covered payroll was the portion that was used to fund health care.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2007

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

The following assumptions and calculations were based on OPERS latest actuarial review performed as of December 31, 2006.

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

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2006 was 6.5%.

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

OPEB's are advance-funded on an actuarially determined basis. At December 31, 2007, the number of active contributing participants in the traditional and combined plans was 374,979. The rates stated above are the actuarially determined contribution requirements for OPERS. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$20.2 billion, respectively.

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

8. Contingencies/Grants

The Council received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at December 31, 2007.

Lucas County Family and Children First Council
Schedule of Federal Awards Expenditures
Year Ended December 31, 2007

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Disbursements
United States Department of Education			
<i>Passed Through Ohio Department of Health</i>			
Special Education – Grants for Infants and Families With Disabilities (Help Me Grow – Part C)	84.181	\$ 455,748	\$ 546,161
Total United States Department of Education		455,748	546,161
United States Department of Health and Human Services			
<i>Passed Through Lucas County Department of Job and Family Services</i>			
Temporary Assistance to Needy Families (TANF)			
Help Me Grow Program	93.558	2,073,585	2,099,888
Help Me Grow and Learn Program	93.558	15,857	17,919
Bridges out of Poverty Training Project	93.558	45,042	16,146
Wellness Program	93.558	572,734	605,142
<i>Passed Through Ohio Department of Health</i>			
Child Abuse Prevention Treatment Act (CAPTA)	93.669	–	55,800
Total United States Department of Health and Human Services		2,707,218	2,794,895
Total Federal Assistance		<u>\$ 3,162,966</u>	<u>\$ 3,341,056</u>

See accompanying notes to this schedule.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2007

1. Significant Accounting Policies

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

2. Subrecipients

The Council passed-through \$2,906,440 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

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

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

To the Council:

We have audited the financial statements of the Lucas County Family and Children First Council (the Council) as of and for the year ended December 31, 2007, and have issued our report thereon dated August 10, 2008, wherein we noted the Council followed the cash basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Charles E. Harris & Associates, Inc.
August 10, 2008

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

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

To the Council:

Compliance

We have audited the compliance of the Lucas County Family and Children First Council (the Council) with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2007. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is described in the accompanying schedule of findings and questioned costs as item 2007-LCFCFC-01.

Internal Control Over Compliance

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

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

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Council's ability to administer a federal program such that there is more than a remote likelihood that the Council's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-LCFCFC-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Council's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We do not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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

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

Charles E. Harris & Associates, Inc.
August 10, 2008

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

**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Lucas County, Ohio
December 31, 2007**

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 other significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other significant deficiencies reported for major federal programs?</i>	Yes
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	Yes
(d)(1)(vii)	<i>Major Programs:</i>	Help Me Grow CFDA #84.181 Temporary Assistance to Needy Families CFDA #93.558
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

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

None.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (CONTINUED)
OMB CIRCULAR A-133 SECTION .505

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Lucas County

PART III – Federal Award Findings and Questioned Costs Section (continued)

Finding Number 2007-LCFCFC-01

Federal program information:	Temporary Assistance for needy Families (TANF) (CFDA #93.558) and Child Abuse and Neglect State Grant (CANSO) (CFDA #93.669)
Criteria or specific requirement (including Statutory, regulatory, or other citation):	OMB Circular A-87 and grant fund restrictions require that expenditures paid from grant funds must be allowable under the respective federal, state, or local grant. Also, under cash management guidelines funds should not be utilized from one grant to cover expenditures under another grant, unless authorized by the terms of the respective grant agreement approved by the grantor.
Condition:	Currently, the Council has certain TANF and CANSO grants that require the Council to make payments to providers prior to receiving reimbursement under the grants. Accordingly, the Council must utilize other funds to make these payments until reimbursement is received. The Council did not have sufficient general fund cash available during the year to cover certain TANF and CANSO expenditures. Accordingly, the Council utilized restricted funds from other state and local grants, included in the Cluster pooled funds, to pay certain expenses until reimbursement was received from TANF and CANSO funding.
Questioned Costs:	\$119,961, which represents the total negative fund balances for the Teen Pregnancy Prevention and Bridges Out of Poverty funds at December 31, 2007.
Context:	The Council paid \$119,961 of TANF and CANSO expenses from other state and local grant funds included in the cluster pooled funds. Subsequent to year end, sufficient TANF and CANSO funding was received to cover the December 31, 2007 fund balance deficits in the Teen Pregnancy Prevention and Bridges Out of Poverty Funds.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (CONTINUED)
OMB CIRCULAR A-133 SECTION .505

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Lucas County

Part III – Federal Award Findings and Questioned Costs Section (continued)

Finding Number 2007-LCFCFC-01 – (continued)

Effect:	The Council used other restricted grant funds for purposes other than the respective grants intended purpose.
Cause:	The Council's grants are on a cost reimbursed basis and they do not have grant advance deposits or sufficient general revenue fund resources to cover the required expenditures to providers before they receive reimbursement from the applicable federal grants.
Recommendation:	The Council should implement policies and procedures to ensure that grant monies are only used for allowable expenditures under the respective grants. Further, management should seek additional general unrestricted revenue from Lucas County, identify other unrestricted revenue streams, or secure advance deposits under grant agreements, to ensure that sufficient funds are available to pay providers in a timely manner. Additionally, the Council should ensure that the Cluster pooled funds have been reimbursed for any monies utilized from these restricted funds to pay other grant expenditures.
Views of Responsible Officials and Planned Corrective Actions:	Management is aware of the requirements and will work toward ensuring that all grant monies are used for their intended purpose by securing additional unrestricted funds or negotiating advance deposits under cost reimbursed grant agreements.

**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY
For the Year Ending December 31, 2007**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
06-01	Payments being made from incorrect program funds.	No	Repeated as Finding 2007- LCFCFC-01



Mary Taylor, CPA
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
NOVEMBER 6, 2008**