



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

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY
DECEMBER 31, 2023**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Independent Auditor's Report | 1 |
| Prepared by Management: | |
| Combined Statement of Cash Receipts, Cash Disbursements And Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2023..... | 5 |
| Notes to the Financial Statements For the Year Ended December 31, 2023 | 6 |
| Schedule of Expenditures of Federal Awards | 14 |
| Notes to the Schedule of Expenditures of Federal Awards..... | 15 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 17 |
| 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..... | 19 |
| Schedule of Findings..... | 23 |

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Lucas County Family and Children First Council
Lucas County
1946 North 13th Street, Suite 420
Toledo, Ohio 43604

To the Members of Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Lucas County Family and Children First Council, Lucas County, Ohio (the Council), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council, as of December 31, 2023, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Council on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter - Accounting Basis

As discussed in Note 2 to the financial statements, during 2023, the Council has elected to change its financial presentation to an accounting basis permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

The Schedule of Expenditures of Federal Awards 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 is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule is the responsibility of management 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, and other additional procedures 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's 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.



Keith Faber
Auditor of State
Columbus, Ohio

July 15, 2024

Lucas County Family and Children First Council
*Combined Statement of Cash Receipts, Cash Disbursements
And Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023*

| | General | Special Revenue | Total Governmental Funds |
|---|------------------|--------------------|--------------------------------|
| Receipts | | | |
| Intergovernmental - Local | | \$520,908 | \$520,908 |
| Intergovernmental - State | \$34,350 | 1,218,477 | 1,252,827 |
| Intergovernmental - Federal | | 4,587,886 | 4,587,886 |
| Charges for Services | 285,439 | | 285,439 |
| Miscellaneous | 2,559 | 298,131 | 300,690 |
| <i>Total Receipts</i> | <u>322,348</u> | <u>6,625,402</u> | <u>6,947,750</u> |
| Disbursements | | | |
| Salaries | 175,886 | 1,397,423 | 1,573,309 |
| OPERS | 21,640 | 194,948 | 216,588 |
| Medicare | 2,221 | 20,210 | 22,431 |
| Workers Compensation | 594 | 11,959 | 12,553 |
| Health Insurance | 30,397 | 355,589 | 385,986 |
| Parent Rep. Stipends | 1,225 | (100) | 1,125 |
| Contractual Services | 4,483 | 3,245,384 | 3,249,867 |
| Parent / Family Engagement | | 9,061 | 9,061 |
| Documentation Destruction | 246 | 442 | 688 |
| Administrative Agent Fee / Administrative Charges | 7,467 | 307,972 | 315,439 |
| Mileage / Parking | 22 | 11,617 | 11,639 |
| Office Supplies | 2,777 | 17,906 | 20,683 |
| Postage / Shipping | | 705 | 705 |
| Program Supplies | 1,560 | 154,594 | 156,154 |
| Food | 278 | | 278 |
| Advertising & Printing | | 650 | 650 |
| Copying | 1,792 | 2,557 | 4,349 |
| Rent | 8,915 | 131,012 | 139,927 |
| IT Services | 1,354 | 20,633 | 21,987 |
| Desk Phones / Fax Lines | 2,294 | 3,228 | 5,522 |
| Cell Phones | 1,049 | 12,442 | 13,491 |
| Internet / Email | 722 | 11,060 | 11,782 |
| Training-Personnel | | 3,698 | 3,698 |
| Conference | 75 | 26,982 | 27,057 |
| Staff Development | 998 | 19,308 | 20,306 |
| Membership / Subscription | 2,390 | 16,783 | 19,173 |
| Training Travel Costs | | 15,963 | 15,963 |
| Liability Insurance | 2,512 | | 2,512 |
| Annual Audit | 620 | 10,695 | 11,315 |
| Other / Miscellaneous | 4,258 | 435,180 | 439,438 |
| <i>Total Disbursements</i> | <u>275,775</u> | <u>6,437,901</u> | <u>6,713,676</u> |
| <i>Excess of Receipts Over Disbursements</i> | <u>46,573</u> | <u>187,501</u> | <u>234,074</u> |
| Other Financing Sources (Uses) | | | |
| County Advances In | | 575,000 | 575,000 |
| County Advances Out | | (990,000) | (990,000) |
| <i>Total Other Financing Sources (Uses)</i> | | <u>(415,000)</u> | <u>(415,000)</u> |
| <i>Net Change in Fund Balances</i> | 46,573 | (227,499) | (180,926) |
| <i>Fund Balances Beginning of Year</i> | <u>112,142</u> | <u>517,304</u> | <u>629,446</u> |
| <i>Fund Balances End of Year</i> | <u>\$158,715</u> | <u>\$289,805</u> | <u>\$448,520</u> |

See accompanying notes to the basic financial statements

Lucas County Family and Children First Council

Lucas County

Notes to the Financial Statements

For the Year Ended December 31, 2023

Note 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 statutorily established collaborative body focused on improving outcomes for the children and families of Lucas County. The mission of the Council is “to coordinate a system of services that support the wellbeing of children and families in Lucas County.”

Ohio Revised Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required each Board of County Commissioners to establish a County Family and Children First Council. Statutory membership of County Council consists of the following individuals:

1. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council’s remaining membership;
2. 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. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County’s Council, in Lucas County, this is the Lucas County Mental Health and Recovery Services Board;
3. The Health Commissioner, or the Commissioner’s designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent’s designee;
7. 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 Ohio Department of Education, which shall notify each County of its determination at least biennially;
8. 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;
9. A representative of the municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;

Lucas County Family and Children First Council

Lucas County

Notes to the Financial Statements

For the Year Ended December 31, 2023

12. A representative of the County’s Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
13. 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
14. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A 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:

1. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
2. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
3. 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”;
4. Maintenance of an accountability system to monitor the County Council’s progress in achieving results for families and children; and
5. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Council’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Lucas County Family and Children First Council

Lucas County

Notes to the Financial Statements

For the Year Ended December 31, 2023

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 funds of the Council are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Council had the following significant Special Revenue Funds:

Help Me Grow Grant Fund State funding supports the operation of the Help Me Grow Central Intake and Referral functions for 17 NW Ohio Counties as a subgrantee to Bright Beginnings out of Cuyahoga County (they are the lead grantee funded by the Ohio Department of Health).

Early Intervention Fund This fund receives federal and state revenues to provide service coordination, evaluation and assessment, and child find outreach activities for infants and toddlers with disabilities through age 2 and their families.

EHS-Child Care Partnership Fund This fund is used to provide high-quality child development services to eligible EHS children, ages 6 months to 3 years old residing in the county from low-income families, and quality services to their families by the Head Start Act, as amended by other regulations. Council is a delegate to Great Lakes Community Action Partnership.

EHS Birth to Five Grant Fund This fund is used to provide high-quality child development services to eligible EHS children, ages 6 months to 3 years old residing in the county from low-income families and quality services to their families by the Head Start Act, as amended by other regulations. Council is a delegate to Toledo Public Schools.

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

- Information and Referral
- Community-Based Services and Supports Funding
- Wraparound/Service Coordination
- Funding for Intersystem Placements

The following funds support this program area:

- **Pooled Fund Group:** Five public agencies, which comprise the Pooled Fund Group, are dedicated to the funding of services for children and youth identified as eligible through the ISCC process. The Pooled Fund Contributors include the following:
- **Family Centered Services and Support/Strong Families, 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 (FCSS) and/or OMHAS (SFSC).

Lucas County Family and Children First Council

Lucas County

Notes to the Financial Statements

For the Year Ended December 31, 2023

- **Multi-System Youth – Public Children Service Agency (MSY-PCSA) Flexible Funding:** This is funding that is made available through the Ohio Department of Job and Family Services to local PCSA, 10% of which is to then be transferred to the local Family and Children First Council for the purpose of the following activities:
 - Prevent parental relinquishment of custody to the PCSA solely for a child to obtain needed treatment.
 - Support the care of children in a PCSA for congregate care.
 - Provide the services and supports necessary to ensure the child’s successful transition from a congregate-care facility following discharge.

LCFC Reserve - This was used to account for “Advance In” receipt to avoid a negative fund balance at the end of the year.

Other Funds:

Bridges Out of Poverty/Two Generational Poverty Initiative: The mission of this program is to help 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.

Administrative/Fiscal Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council Selected the Board of Lucas County Commissioners. The Council authorizes the Board of Lucas County Commissioners as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. The Board of Lucas County Commissioners agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement. 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

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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(C) permit.

Change in Presentation

In 2022, the Council reported their financial statements on the cash basis comparable to the requirements of Governmental Accounting Standards. For 2023, the Council has elected to follow the financial statement presentation following the regulatory basis of accounting also described in Note 2. The fund financial statements now present a column for each fund type, rather than each major fund in a separate column with nonmajor funds aggregated and presented in a single column. The Council also no longer presents entity wide financial statements.

Lucas County Family and Children First Council

Lucas County

Notes to the Financial Statements

For the Year Ended December 31, 2023

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. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The Council filed an estimate of financial resources and an appropriation measure with the Board of the Lucas County Commissioners as required by Ohio law. 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 certificate of estimated resources establishes a limit on the amount the Council may appropriate. The appropriations resolution is the Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Council. The legal level of budgetary control has been established by the 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 appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Council designated the Board of Lucas County Commissioners as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with the Lucas County Treasurer and fund expenditures and balances are reported through the Lucas County Auditor. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount. The Council does not have investment policies relating to credit risk, custodial credit risk, concentration of credit risk or interest rate risk. The County handles all aspects regarding investments. All risks associated with investments are the responsibility of the fiscal agent.

Capital Assets

The Council records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Leases and SBITAs

The Council is the lessee in one office space lease (as defined by GASB 87). Lease disbursements are recognized when they are paid. The Council entered into a 10-year office space lease agreement with Toledo Business Technology Center, LLP on December 21, 2016. This agreement has two components to it: the rent and improvements to the space portion. The Council can exercise the right to terminate the rent portion without any financial obligation if total funding falls below 50% 90 days after the lease termination notice is delivered to the lessor. However, the Council has a financial obligation to pay the unamortized cost of the improvement of the space portion as of that date. The obligation as of December 31, 2023 equals \$48,750 of \$150,000 in total.

Lucas County Family and Children First Council

Lucas County

Notes to the Financial Statements

For the Year Ended December 31, 2023

The Council has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for various software. Subscription disbursements are recognized when they are paid.

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 *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Council.

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

Committed The Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2023, follows:

Lucas County Family and Children First Council

Lucas County

Notes to the Financial Statements

For the Year Ended December 31, 2023

| 2023 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|--------------------------|------------------------|----------------------|
| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
| General | \$ 286,736 | \$ 322,348 | \$ 35,612 |
| Special Revenue | 10,813,603 | 6,625,402 | (4,188,201) |
| Total | <u>\$ 11,100,339</u> | <u>\$ 6,947,750</u> | <u>\$(4,152,589)</u> |

| 2023 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|--------------------------------|-------------------------------|---------------------|
| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
| General | \$ 286,736 | \$ 275,795 | \$ 10,941 |
| Special Revenue | 10,135,757 | 6,518,424 | 3,617,333 |
| Total | <u>\$ 10,422,493</u> | <u>\$ 6,794,219</u> | <u>\$ 3,628,274</u> |

Note 4 – Deposits and Investments

The Lucas County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of Lucas County Auditor’s funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Lucas County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31 was \$448,520.

This fiscal agent is responsible for maintaining adequate depository collateral for all funds in the fiscal agent’s pooled and deposit accounts. All risks associated with the above deposits are the responsibility of the fiscal agent.

Note 5 – Risk Management

The Council is covered under the County’s insurance policies. The County is self-funded for dental, prescription drugs, and health benefits. For the workers’ compensation program, the County pays premiums to the State Bureau of Workers’ Compensation for claims over the 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 its Internal Service funds.

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions.

Note 6 – Defined Benefit Pension Plan

The Council’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

Lucas County Family and Children First Council

Lucas County

Notes to the Financial Statements

For the Year Ended December 31, 2023

The Ohio Revised Code also prescribes contribution rates. For 2023, OPERS members contributed 10 percent of their gross salaries, and the Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2023.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 8 – Construction and Contractual Commitments

The Council entered into a 10-year office space lease agreement with Toledo Business Technology Center, LLP on December 21, 2016. This agreement moved the council's operation to a new location which was effective 60 days after the lease signature date. This agreement has two components to it: the rent and improvements to the space portion. The Council can exercise the right to terminate the rent portion without any financial obligation if total funding falls below 50% 90 days after the lease termination notice is delivered to the lessor. However, the Council has a financial obligation to pay the unamortized cost of the improvement of the space portion as of that date. The obligation as of December 31, 2023 equals \$48,750 of \$150,000 in total.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

| <u>Fund Balances</u> | <u>General</u> | <u>Special Revenue</u> | <u>Total</u> |
|--------------------------|----------------|----------------------------|--------------|
| Outstanding Encumbrances | \$ 20 | \$ 80,523 | \$ 80,543 |

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title | Federal AL Number | Pass Through Entity Identifying Number | Provided to Subrecipients | Total Federal Expenditures |
|---|-------------------------|--|---------------------------------|-------------------------------|
| U.S. DEPARTMENT OF EDUCATION | | | | |
| <i>Passed Through Ohio Department of Developmental Disabilities:</i> | | | | |
| Special Education - Grants for Infants and Families | 84.181 | H181A200024 | \$ 518,369 | \$ 573,720 |
| COVID-19 Special Education - Grants for Infants and Families | 84.181X | H181X210024 | 148,410 | 167,702 |
| Total AL # 84.181 | | | <u>666,779</u> | <u>741,422</u> |
| Total U.S. Department of Education | | | <u>666,779</u> | <u>741,422</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| <i>Passed Through Great Lakes Community Action Partnership:</i> | | | | |
| <u>Head Start Cluster:</u> | | | | |
| Head Start | 93.600 | 05HP0001072-01 | | 1,339,658 |
| Total Head Start Cluster | | | | <u>1,339,658</u> |
| COVID-19 Provider Relief Fund | 93.498 | 05HE000430 | | 55,591 |
| <i>Passed Through Lucas County Department of Job and Family Services:</i> | | | | |
| Temporary Assistance for Needy Families | 93.558 | 48-24-TANF-08 | | 60,927 |
| Temporary Assistance for Needy Families | 93.558 | 48-23-TANF-08 | | 261,164 |
| Total AL # 93.558 | | | | <u>322,091</u> |
| Social Services Block Grant | 93.667 | 48-23-TANF-30 | | 5,000 |
| Social Services Block Grant | 93.667 | 48-23-TXX-03 | | 13,031 |
| Total AL # 93.667 | | | | <u>18,031</u> |
| <i>Passed Through Ohio Department of Mental Health:</i> | | | | |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 5AU-20-C0048 | | 3,904 |
| Promoting Safe and Stable Families | 93.556 | 5AU-20-C0048 | | 31,589 |
| Total U.S. Department of Health and Human Services | | | | <u>1,770,864</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 666,779</u> | <u>\$ 2,512,286</u> |

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lucas County Family and Children First Council, Lucas County, Ohio (the Council) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is 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 fund balances or changes in fund balances 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Council has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – SUBRECIPIENTS

The Council passes certain federal awards received from the United States Department of Education to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Council reports expenditures of Federal awards to subrecipients when paid in cash.

As a pass-through entity, 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 E – 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.

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OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Lucas County Family and Children First Council
Lucas County
1946 North 13th Street, Suite 420
Toledo, Ohio 43604

To the Members of Council:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2023 and the related notes to the financial statements of Lucas County Family and Children First Council, Lucas County, Ohio (the Council) and have issued our report thereon dated July 15, 2024, wherein we noted the Council followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the Council elected to change its financial presentation to an accounting basis permitted by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) for 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected, on a timely basis. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

July 15, 2024

OHIO AUDITOR OF STATE KEITH FABER



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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

Lucas County Family and Children First Council
Lucas County
1946 North 13th Street, Suite 420
Toledo, Ohio 43604

To the Members of Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Lucas County Family and Children First Council, Lucas County, Ohio's (Council) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Lucas County Family and Children First Council's major federal program for the year ended December 31, 2023. Lucas County Family and Children First Council's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Lucas County Family and Children First Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Council's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

July 15, 2024

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Adverse under GAAP, unmodified under the regulatory basis. |
| (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 in internal control 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): | Head Start Cluster |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee under 2 CFR § 200.520? | No |

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 7/25/2024

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This report is a matter of public record and is available online at
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