



OHIO AUDITOR OF STATE
KEITH FABER



**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY
DECEMBER 31, 2021**

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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

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lucas County Family and Children First Council, Lucas County, Ohio (the Council), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of December 31, 2021, and the respective changes in cash-basis financial position thereof for the year then ended in accordance with the cash-basis of accounting described in Note 2.

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.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council. We did not modify our opinion regarding 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 cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. 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 *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 that collectively comprise the Council's basic financial statements.

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 (are) presented for purposes of additional analysis and is (are) not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Other Information

We applied no procedures to management's discussion and analysis, the letter of transmittal, trend information as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2022, 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

May 4, 2022

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Lucas County Family and Children First Council
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended December 31, 2021

This discussion and analysis of the Lucas County Family and Children First Council's (Council) financial performance provide an overall review of the Council's financial activities for the year ended December 31, 2021, 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 2021 are as follows:

- 1) **Total Annual Receipts:** Overall, receipts increased from \$6,135,624 in 2020 to \$6,699,328 in 2021, an increase of 9.2%. The largest share of receipts the Council received in FY 2021, were from Help Me Grow and Early Head Start, each of which accounted for over one million dollars in total receipts, and over three million dollars together. Additionally, \$990,000 was transferred into LCFC Reserve at the end of the calendar year to cover any negative balances due to lag in reimbursements.
- 2) **Total Annual Expenditures:** Total expenditures increased from \$5,545,468 in 2020 to \$7,426,321 in 2021; an increase of 33.9%.
- 3) **Net Position at the end of 2021:** The Council's net position decreased from \$1,010,046 at the end of 2020 to \$283,053 in 2021. This is a decrease of -\$726,993 or a 72.0% decrease. 2021 Fiscal reports reflect an ending balance of \$283,053 as of December 31, 2021, which includes a \$990,000 advance provided by the Board of Lucas County Commissioners to cover negative balances as funding sources are predominately cost-reimbursement. While there was both a marked increase in revenue and expenditures in 2021, this significant drop in net position at the end of the year reflects a growing time gap between the incurring of expenses and actual reimbursement for those expenses. Council leadership staff will focus on assessing and working to improve this gap in 2022.
- 4) **Outstanding Commitments:** Outstanding commitments of the whole Council at the end of 2021 totaled \$528,767.
- 5) **Funding Sources:** There are multiple sources of council revenues. The following percentages represent the proportion of each program to the total revenue of the council:

Program	Revenue	Percent
• Help Me Grow (CI&R and Early Intervention)	\$1,337,875	23.4%
• Early Head Start-Birth to Five	1,261,977	22.1%
• Early Head Start-Childcare Partnerships	1,090,253	19.1%
• Other: Bridges out of Poverty (TANF), Health Professional Opportunity Program (HPOG), and small BOP Projects	575,719	10.2%
• OMHAS: FCSS/SFSC	307,478	5.4%
• Central Office	242,251	4.2%
• Intersystem Care Coordination	892,312	15.6%
• LCFC Reserve	1,463	0.0%

- 6) **Early Intervention Funding:** The Ohio Department of Developmental Disabilities provided \$744,009 in federal Part C and \$197,550 in State General funds for the Help Me Grow Early Intervention program for the calendar year 2021.

Lucas County Family and Children First Council
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2021

- 7) **Help Me Grow Central Intake and Referral:** Since July 1, 2018, the Council has continued to provide Help Me Grow Central Intake and Referral as a subgrantee to Bright Beginnings, the Early Childhood Initiative in Cuyahoga County which is housed with the Educational Service Center of Northeast Ohio and which is the single Statewide Provider to the Ohio Department of Health. As a subgrantee, the Council is responsible for Central Intake and Referral functions in 17 NW Ohio Counties. Funding for SFY 2022 (July 1, 2021 – June 30, 2022) increased from \$386,611 in SFY 2021 (initial approved budget) to \$470,000, a 21.6% increase.
- 8) **Health Profession Opportunity Grant:** Contracted by Zepf Center, a Behavioral Health Organization which is the lead grantee on Health Profession Opportunity Grant (HPOG). This grant is awarded by the U.S. Department of Health and Human Services to provide *Bridges out of Poverty and Getting Ahead training* for and on behalf of the grantee. FFY 2021 (Oct 1, 2020, through Sep 30, 2021) was the final grant year for the HPOG Grant. During calendar year 2021, total revenues were \$85,721 and total expenditures were \$62,583.

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 position and the statement of activities provide information about the Council's cash position and the changes in cash position at the entity-wide level. The statement of cash basis assets and fund balances and the statement of cash receipts, disbursements, and changes in cash basis fund balances report the Council's cash position and the changes in cash position by the fund. The statement of cash basis assets and fund balances and the statement of cash receipts, disbursements, and changes in cash basis fund balances highlight the cash position and the changes in the cash position by the major fund. The notes to the financial statements are an integral part of the financial statements and provide expanded explanations 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.

Reporting the Government as a Whole

The statement of net position and the statement of activities reflect how the Council did financially during 2021, 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 also includes a comparison to the revenue and disbursement activity during 2020.

Table 1 provides a summary of the Council's net position for 2021 compared to 2020 on a cash basis. As mentioned previously, in 2021 net position decreased by \$726,993 representing a 72.0% decrease compared to 2020. All numbers are shown rounded in the table.

Lucas County Family and Children First Council
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2021

**Table 1
Net Position**

	2021	2020
Assets		
Cash and Equivalents	\$283,053	\$1,010,046
Net Position		
Unassigned (Deficit)	(1,072,138)	(177,079)
Restricted	1,355,191	1,187,125
Total Net Position	\$283,053	\$1,010,046

Table 2 reflects the changes in net position during 2021. This table also shows a comparison with changes in net position for 2020.

**Table 2
Statement of Activities**

	2021	2020
Operating Grants and Contribution		
General Government	\$242,251	\$262,003
Social Services	5,467,077	4,998,621
Total Receipts	5,709,328	5,260,624
Disbursements		
General Government	242,341	230,106
Social Services	6,308,980	5,315,362
Total Disbursements	6,551,321	5,545,468
Other Financing Source (Use)		
County Advance In	990,000	875,000
County Advances Out	(875,000)	
Total Other Financing Source (Use)	115,000	875,000
Changes in Net Position	(726,993)	590,156
Net Position, beginning of year	1,010,046	419,890
Net Position, end of year	\$283,053	\$1,010,046

Intergovernmental revenue represented 81.6% of total receipts and is primarily comprised of federal, state, and county government receipts. The largest category of disbursements was for specific restricted grant services provided to support the Help Me Grow, Early Head Start, Early Head Start Childcare Partnership, and the intersystem Care Coordination programs through contractors in the community.

These statements report the Council's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes are one way to measure the Council's financial health. Over time, increases or decreases in the Council's cash position are 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 (Unaudited)
For the Year Ended December 31, 2021

Capital Assets and Debt Administration

The Council has no capital assets and no debt.

Request for Information

This financial report is designed to provide our citizens and taxpayers with a general overview of the Council's finances and to reflect the Council's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to:

David Kontur, Executive Director

dkontur@nwoca.net

Karen Dameron, Fiscal Officer

kdameron@nwoca.net

Lucas County Office of Family and Children First

1946 N. 13th Street, Suite 420

Toledo, Ohio 43604.

Lucas County Family and Children First Council

Statement of Net Position - Cash Basis

December 31, 2021

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	<u>\$283,053</u>
Net Position	
Restricted	1,355,190
Unrestricted	<u>(1,072,137)</u>
<i>Total Net Position</i>	<u><u>\$283,053</u></u>

See accompanying notes to the basic financial statements

Lucas County Family and Children First Council
Statement of Activities - Cash Basis
For the Year Ended December 31, 2021

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Position
		Operating Grants and Contributions	Governmental Activities
Governmental Activities			
General Government	\$242,341	\$242,251	(\$90)
Social Services	6,308,980	5,467,077	(841,903)
<i>Total Governmental Activities</i>	<u>\$6,551,321</u>	<u>\$5,709,328</u>	<u>(841,993)</u>
General Receipts:			
Advances In			990,000
Advances Out			<u>(875,000)</u>
			<u>115,000</u>
Change in Net Position			(726,993)
<i>Net Position Beginning of Year</i>			<u>1,010,046</u>
<i>Net Position End of Year</i>			<u>\$283,053</u>

See accompanying notes to the basic financial statements

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Lucas County Family and Children First Council
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2021

	<u>General</u>	<u>Help Me Grow</u>	<u>Early Head Start CCP</u>	<u>Early Head Start</u>	<u>OMHAS</u>
Assets					
Cash and Cash Equivalents	\$98,604	(\$292,007)	(\$204,123)	(\$369,937)	(\$266,653)
<i>Total Assets</i>	<u>\$98,604</u>	<u>(\$292,007)</u>	<u>(\$204,123)</u>	<u>(\$369,937)</u>	<u>(\$266,653)</u>
Fund Balances					
Restricted					
Unassigned (Deficit)	98,604	(292,007)	(204,123)	(369,937)	(266,653)
<i>Total Fund Balances</i>	<u>\$98,604</u>	<u>(\$292,007)</u>	<u>(\$204,123)</u>	<u>(\$369,937)</u>	<u>(\$266,653)</u>

See accompanying notes to the basic financial statements

<u>Intersystem</u>	<u>LCFC Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$358,537	\$996,653	(\$38,021)	\$283,053
<u>\$358,537</u>	<u>\$996,653</u>	<u>(\$38,021)</u>	<u>\$283,053</u>
358,537	996,653	(38,021)	1,355,190
<u>\$358,537</u>	<u>\$996,653</u>	<u>(\$38,021)</u>	<u>\$283,053</u>

Lucas County Family
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2021

	General	Help Me Grow	Early Head Start CCP	Early Head Start	OMHAS
Receipts					
Intergovernmental	\$21,168	\$1,310,720	\$1,085,138	\$1,258,656	\$300,342
Miscellaneous	221,083	27,155	5,115	3,321	7,136
<i>Total Receipts</i>	<u>242,251</u>	<u>1,337,875</u>	<u>1,090,253</u>	<u>1,261,977</u>	<u>307,478</u>
Disbursements					
Salaries	144,381	317,250	291,923	309,599	88,337
OPERS	20,790	44,135	42,023	41,317	13,016
Medicare	2,084	4,538	4,149	4,406	1,331
Allowances Mileage	20			(196)	
Workers Compensation	955	1,991	1,949	1,995	225
Health Insurance	24,988	87,982	87,905	90,095	38,831
Committee Work	1,712				
Contract Services		1,015,879	665,822	704,674	69,271
Contract Services Other		13,406	11,450	99,512	18,510
Shredding	19	57	50	52	
Contract Projects					304,962
Parent Engagement / Mini Grants			803	3,506	
Admin Agent	1,830	5,093	4,803	5,160	
Admin		6,412	60,750	59,536	
Mileage / Parking		4,287	23	277	
Supplies	789	3,305	126	119	
Office Supplies	1,102	906	1,236	1,247	
Postage		1,809			
Program Supplies		15,185	64,507	109,677	
Advertising & Printing	59	8,068			
Copying	279	613	724	610	
Rent: Buildings	7,717	25,427	20,809	21,443	
Telecommunications	1,296	4,053	3,490	3,615	
Desk Phones / Fax Lines	1,780	1,357	1,191	1,435	
Cell Phones	1,073	4,252	7,989	5,033	
Pagers	1,663	1,977	907	1,069	
Training			6,139	3,798	
Conference			15,986	19,348	
Staff Development	251		2,603	919	
Membership Dues & Subscription	2,368	819	9,422	4,054	
County Training	1,146	164		(3,262)	
Liability Insurance	1,630				
Annual Audit	1,818	5,014	2,545	6,907	
Miscellaneous	22,591	24,316			
<i>Total Disbursements</i>	<u>242,341</u>	<u>1,598,295</u>	<u>1,309,324</u>	<u>1,495,945</u>	<u>534,483</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(90)</u>	<u>(260,420)</u>	<u>(219,071)</u>	<u>(233,968)</u>	<u>(227,005)</u>
Other Financing Sources (Uses)					
County Advances In					
County Advances Out					
<i>Total Other Financing Sources (Uses)</i>					
<i>Net Change in Fund Balances</i>	<u>(90)</u>	<u>(260,420)</u>	<u>(219,071)</u>	<u>(233,968)</u>	<u>(227,005)</u>
<i>Fund Balances Beginning of Year</i>	<u>98,694</u>	<u>(31,587)</u>	<u>14,948</u>	<u>(135,969)</u>	<u>(39,648)</u>
<i>Fund Balances End of Year</i>	<u>\$98,604</u>	<u>(\$292,007)</u>	<u>(\$204,123)</u>	<u>(\$369,937)</u>	<u>(\$266,653)</u>

See accompanying notes to the basic financial statements

Intersystem	LCFC Reserve	Other Governmental Funds	Total Governmental Funds
\$887,344		\$533,712	\$5,397,080
4,968	\$1,463	42,007	312,248
892,312	1,463	575,719	5,709,328
140,960	6,006	291,587	1,590,043
19,637		40,228	221,146
2,022		4,184	22,714
832			656
1,448		1,647	10,210
31,869	3,170	77,045	441,885
			1,712
103,222		4,902	2,563,770
429,394	1,463	8,515	582,250
44		39	261
			304,962
			4,309
4,363		3,753	25,002
49,614	328	45,230	221,870
			4,587
99		97	4,535
771		2,286	7,548
		330	2,139
		7,393	196,762
			8,127
432		579	3,237
17,946		16,190	109,532
2,851		2,729	18,034
(1,009)		1,219	5,973
2,292		1,756	22,395
988		3,774	10,378
2,765			12,702
		1,790	37,124
		100	3,873
599		2,306	19,568
107		3,065	1,220
			1,630
3,549		3,281	23,114
		21,146	68,053
814,795	10,967	545,171	6,551,321
77,517	(9,504)	30,548	(841,993)
	990,000		990,000
	(875,000)		(875,000)
	115,000		115,000
77,517	105,496	30,548	(726,993)
281,020	891,157	(68,569)	1,010,046
\$358,537	\$996,653	(\$38,021)	\$283,053

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Description of the Council and Reporting Entity

Description of the Entity

The Lucas County Family and Children First Council (the Council) was established in April 1993 as one of the pilot sites of the Ohio Family and Children First Initiative. The Council is a 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 directed counties to establish county family and children first councils. Statutory membership of a council consists of the following individuals:

- The director of the board of 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 under 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. The service of a judge as a judicial advisor under this section is a judicial function. NOTE: The Advisory role of the Judge is a result of Ohio Supreme Court Opinion 8-9-02.
- 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;
- A representative of the county's early intervention collaborative established under 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.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

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 provision 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, multidisciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established under 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 under 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.

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides for Intersystem Care Coordination, General Administration, Help Me Grow services, Head Start/Early Start program, Early Head Start- Childcare Partnership program, Strengthen Families, Bridges out of Poverty, Lucas County Healthier Buckeye program, Health Professionals Opportunity program and Cross-System Ombudsman Services that all seek to promote the wellbeing of children and families in Lucas County. The Council, the Executive Committee, and the Executive Director have direct responsibility for these activities.

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

These financial statements follow the cash basis of accounting.

The Council's basic financial statements consist of management's discussion and analysis, government-wide statements, including a statement of net position, a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Government-Wide Financial Statements

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

The statement of net position presents the financial condition of the governmental activities of the Council at year-end. The statement of activities presents a comparison between direct disbursements and receipts for each program or function of the Council's governmental activities. Direct disbursements are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the 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 that 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 to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present the financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column and others aggregated in another column called "Other Governmental Funds" which represents funds that are not considered major funds.

Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council utilizes the governmental category of funds. Most of the Council's programs are on a cost-reimbursement basis. As a result, a number of our programs ended with deficit fund balances at year-end. Because of the size of the council's general fund, it is impossible to cover the deficits with "Advances" from the general fund.

Governmental Funds

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

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

Help Me Grow (HMG) Fund – The Help Me Grow (HMG) Fund is used to account for revenue received from Federal, State, and local funding and expended to support family-centered services for infants and toddlers to age 3 with developmental delay, disability, or a medical condition likely to result in a delay or disability through the Ohio Department of Developmental Disability's Early Intervention Program. State Funding also 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 Head Start Fund – This Fund includes 2 separate Early Head Start Grants, on both of which the LCFC is considered a Delegate (sub-recipient). The following provides information about each grant:

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

- **Early Head Start-Child Care Partnership** - In 2015, the council became a delegate for the Early Head Start-Child Care Partnership grant for WSOS Community Action Commission, Inc., as a grantee. This fund is used to provide high-quality child development services to eligible Early Head Start children, ages 6 months to 3 years old residing in the county from low-income families, and quality services to their families by the Head Start Act, as amended by other regulations.
- **Head Start/Early Head Start (Birth to Five Grant)** - This fund is used to provide high-quality child development services to eligible Pregnant Women, and Early Head Start children, ages 0 to 3 years old residing in the county from low-income families and quality services to their families by the Head Start Act, as amended by other regulations.

Ohio Department of Mental Health and Addiction Services (OMHAS) Fund - This fund includes an additional array of funding that is targeted toward multi-system involved children and youth and their families. Funding under the OMHAS Fund includes the following:

- **Family-Centered Services, Supports(FCSS)/Strong Family Safe Communities (SFSC)** - 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).

Intersystem Care Coordination (ISCC) – The Intersystem Care Coordination Fund is used to account for revenue received from local Pooled Funding Agencies, including, Lucas County Children Services, the Mental Health and Recovery Services Board of Lucas County, Lucas County Juvenile Court, Lucas County Board of Developmental Disabilities, and Toledo Public Schools and expended for children/youth and their families referred for intersystem coordination of services.

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

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

Decisions about access to Intersystem Care Coordination, System of Care development, and funding are made through the Intersystem Resource Team, convened by the Lucas County Family and Children First Council. Five public agencies, which comprise the Pooled Fund Group, are dedicated to the funding of services for children and youth identified as eligible through the Intersystem Care Coordination process. Other sources of funding to ISCC

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

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

- **Bridges out of Poverty:** 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.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

- **Health Profession Opportunity Grant (HPOG):** a grant to facilitate how training opportunities can help people improve their skills and find better jobs. On September 30, 2021, the HPOG Grant came to an end in Lucas County.
- **Ombudsman Services:** assistance provided to independently review complaints from persons that have either been denied or are challenging the outcome of services and supports from Lucas County Children Services.

Administrative and Fiscal Agent

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

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, Lucas County (the County) Treasurer is the custodian for the Council's cash. As the 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 the date of purchase. The County is permitted to invest or deposit in the following classification of obligations:

- Obligations of, or backed by the faith of, the United States Government.
- Obligations issued by the Federal agency.
- 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 financial institution, in amounts equal to at least 105% of the carrying value of all public deposits held by each institution.
- Obligations of the State.
- 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).
- 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.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

- 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.
- 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.
- No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

The Council does not have investment policies relating to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. The County handles all aspects regarding investments.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. Acquisitions of property are not reflected as an asset under the cash basis of accounting utilized by the Council.

Long-Term Debt Obligations

The Council does not have any bonds or other long-term debt obligations.

Net Position

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

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. No budgetary information is presented because the budget is not established by ordinance or resolution of Council prior to filing with its administrative agent.

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.

Fund Balance

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

Nonspendable

The Council classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Restricted

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

Committed

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

Assigned

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

Unassigned

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

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or other fund balance categories (committed, assigned, and unassigned) are available. Similarly, within the other fund balance categories, 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 other fund balance categories could be used.

Note 3 - Cash and Cash Equivalents

The Lucas County Commissioners maintain a cash pool used by all of the County’s funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments. At year-end, the carrying amount of the Council’s deposits with the Lucas County Commissioners was \$283,053 which includes a \$990,000 intergovernmental advance from the Lucas County Board of Commissioners. The Lucas County Board of Commissioners is responsible for maintaining adequate depositor collateral for all funds in the County’s pooled cash and deposit accounts.

Note 4 - Contractual Commitments

On December 31, 2021, the Council had \$528,767 in contractual commitments for services provided to children and families. These contracts will be funded by federal, state, and local program grants, whose funding follows a different fiscal year rather than the Council’s calendar fiscal year. While all of the itemized commitments in the following list were outstanding encumbrances as of December 31, 2021, it does not mean they will translate into an actual liability, but rather what was encumbered on 12/31/2021.

Vendor	Amount
4imprint, Inc.	\$5,519
Asia Woodson	31
Bright Horizons Advocacy & Consulting LLC	6,531
Catholic Club	242,758
East Toledo Family Center, Inc.	22,609
Emmy Elyssa Kramer	75

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Vendor	Amount
Family and Child Abuse Prevention Center	2
Fatboyz by Al & Zoe	1,100
Gracehaven, Inc.	11,385
Harbor, Inc.	2,400
ITsavvy LLC	1,130
Jennifer L. Gilliland	1,849
Kristie Ruff	50
La Prensa Weekly Newspaper	60
Mario A. Duncan	363
Mary B. Bockert	11,988
Medline Industries, Inc.	5,160
Mercy Health Foundation - Greater Toledo	25,161
Neil Brown Consulting, Inc.	16,875
Office Depot, Inc.	2,102
Ohio Teaching Family Association	5,056
Panera Bread	280
Preston Homes, LLC	6,400
Resolute Interpreting, LLC	8,327
Sarana Educational Consulting, LLC	2,800
Staples Contract & Commercial, Inc.	50
The Buckeye Ranch, Inc.	203
Treasurer, State of Ohio	225
Williams Homes, LLC	3,500
Young Services, Inc.	144,778
Total	<u>528,767</u>

Note 5 - Risk Management

The Council is covered under Lucas County's (County) 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.

Note 6 - Defined Benefit Pension Plan

Plan Description – Council employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2021 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
2021 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Council's contractually required contribution was \$221,146 for the year 2021.

Note 7 - Postemployment Benefits

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS CAFR referenced below for additional information.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021 OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Council’s contractually required contribution was \$0 for the year 2021.

Note 8 - Contingencies/Grants

The Council received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council on December 31, 2021.

Note 9 - Long Term Commitment

The Council entered into a 10-year office space lease agreement with Toledo Business Technology Center, LLP on December 21st, 2016. This agreement moved the council’s operation to a new location which was effective sixty days after the lease signature date. This agreement has two components to it; the rent and Improvement 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% ninety 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. That obligation as of December 31, 2021 equals \$78,750 of \$150,000 in total.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 10 - Intergovernmental Advance In

At the end of 2021, the Board of Lucas County Commissioners advanced \$990,000 in county general fund dollars to cover any negative balances and outstanding obligations at the end of the fiscal period.

Note 11 - Related Party Transactions

A member of management is part of the Board of a company from which the Council acquires training materials dur the year. The Council paid \$8,313 during the fiscal year for materials from Aha! Process, Inc.

Note 12 - Miscellaneous Revenue

General Fund and Remaining Fund Information miscellaneous receipts consisted primarily of refunds for workers comp and proceeds from Council offered training.

Note 13 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council. In addition, the impact on the Council's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	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	\$322,390
Special Education - Grants for Infants and Families	84.181	H181A190024	559,533
Total CFDA # 84.181			<u>881,923</u>
Total U.S. Department of Education			<u>881,923</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through WSOS Community Action Commission:</i>			
<u>Head Start Cluster:</u>			
Head Start	93.600	05HP000107-201	1,251,849
Total Head Start Cluster			<u>1,251,849</u>
Provider Relief Fund	93.498	05HE000430	57,494
<i>Passed Through Lucas County Department of Job and Family Services:</i>			
Temporary Assistance for Needy Families	93.558	48-22-TANF-08	68,871
Temporary Assistance for Needy Families	93.558	48-21-TANF-08	211,285
Temporary Assistance for Needy Families	93.558	48-20-TANF-09	12,480
Total CFDA # 93.558			<u>292,636</u>
Social Services Block Grant	93.667	48-21-TANF-30	7,000
<i>Passed Through Ohio Department of Mental Health:</i>			
Stephanie Tubbs Jones Child Welfare Services Program	93.645	5AU-20-C0048	14,475
Promoting Safe and Stable Families	93.556	5AU-20-C0048	<u>117,122</u>
Total U.S. Department of Health and Human Services			<u>1,740,576</u>
Total Expenditures of Federal Awards			<u>\$2,622,499</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, 2021**

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, 2021. 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 not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – MATCHING REQUIREMENTS

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

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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 auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lucas County Family and Children First Council, Lucas County, Ohio (the Council) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated May 4, 2022, wherein we noted the Council uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Council.

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 purposes 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

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*.

Council's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Council's response to the finding identified in our audit and described in the accompanying schedule of findings and corrective action plan. The Council's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

May 4, 2022

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 (the 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, 2021. 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, 2021.

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

May 4, 2022

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(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**

FINDING NUMBER 2021-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors requiring adjustments to the financial statements were identified:

- Ohio Department of Mental Health and Addiction Services (OMHAS) beginning fund balance in the amount of \$31,149 was incorrectly overstated, Help Me Grow beginning fund balance in the amount of \$39,649 was incorrectly understated, and Remaining Fund information beginning fund balance in the amount of \$8,500 was incorrectly overstated;
- Ohio Department of Mental Health and Addiction Services (OMHAS) miscellaneous revenue and miscellaneous expense were overstated in the amount of \$164,775; and
- Intersystem Coordination miscellaneous revenue and miscellaneous expense were overstated in the amount of \$523,243.

These errors were not identified and corrected prior to the Council preparing its financial statements due to deficiencies in the Council's internal controls over financial statement monitoring. Failing to prepare accurate financial statements could lead the Members of Council to make misinformed decisions. The accompanying financial statements have been adjusted to reflect these changes.

To help ensure the Council's financial statements and notes to the financial statements are complete and accurate, the Council should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Director, Fiscal Officer and Members of Council to help identify and correct errors and omissions.

Officials' Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None



Lucas County Family Council

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Sandra Frisch, Chairperson
Breda Osburn, Chair-Elect
David Kontur, Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) DECEMBER 31, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material weakness due to errors in financial reporting.	Not corrected and reissued as Finding 2021-001 in this report.	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements prior to filing the Council's annual report.



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Breda Osburn, Chair-Elect
David Kontur, Director

CORRECTIVE ACTION PLAN **2 CFR § 200.511(c)** **DECEMBER 31, 2021**

Finding Number:

2021-001

Planned Corrective Action:

The Director will work with the Fiscal Officer to establish a procedural checklist to identify specific steps that must be completed in the completion of the annual financial statements and the preparation and review of the Hinkle Submission Packet, to help ensure that there are checks and balances that are followed in the process prior to submission to the AOS. The Council will follow guidance from AOS as to correct manner to report transfer of funds on Hinkle reports while following the correct process as an expense and revenue per the county guidance. Council will also establish a Finance, Budget and Audit Committee for reviews and monitoring.

Anticipated Completion Date:

September 30, 2022

Responsible Contact Person:

David Kontur, Director

Karen Dameron, Fiscal Officer

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 5/26/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov