

***MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST
COUNCIL***

MONTGOMERY COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2010

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



Dave Yost • Auditor of State

Montgomery County Family and Children First Council
451 West Third Street
Dayton, Ohio 45422

We have reviewed the *Report of Independent Accountants* of the Montgomery County Family and Children First Council, Montgomery County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

June 10, 2011

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MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY
AUDIT REPORT

For the year ended December 31, 2010

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

REPORT OF INDEPENDENT ACCOUNTANTS

Montgomery County Family and Children First Council
451 West Third Street, 9th Floor
Dayton, Ohio 45422

To the Council:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Montgomery County Family and Children First Council (the Council), as of and for the year ended December 31, 2010, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

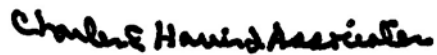
As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Council as of December 31, 2010, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund and each major special revenue fund thereof for the year then ended in conformity with accounting basis Note 2 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2011 on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Council. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

Charles E. Harris & Associates, Inc.
May 10, 2011

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

This discussion and analysis of the Montgomery County Family and Children First Council's (the Council) financial performance provides an overall review of the Council's financial activities for the year ended December 31, 2010, within the limitations of the Council's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Council's financial performance.

Highlights

Key highlights for 2010 are as follows:

- Total net assets increased \$891,312 during fiscal year 2010, which represents a 50% increase from fiscal year 2009.
- The Council's revenues are from support from Federal, State and County government. These receipts are 100% of the Council's revenues.
 - The County support of \$725,000 came from the Human Services Levy for general fund operations.
 - The State FCF provided \$17,069 in support of general fund operations.
 - The ODH provided \$1,564,222 in state general revenue funds, \$489,396 in federal part C funds, and \$442,880 in part C stimulus funds for the Help Me Grow program.

Using the Basic 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.

Reporting Components

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

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

Basis of Accounting

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

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

Reporting the Government as a Whole

The statement of net assets and the statement of revenues, expenses and changes in net assets reflect how the Council did financially during 2010, within the limits of cash basis accounting. The statement of net assets presents the cash balances of the Council at year end. The statement of activities presents the revenue and disbursement activity during 2010.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

Table 1 provides a summary of the Council's net assets for 2010 compared to 2009 on a cash basis:

**TABLE 1
NET ASSETS**

	2010	2009
<u>ASSETS:</u>		
Cash and Cash Equivalents	<u>\$2,683,615</u>	<u>\$1,792,303</u>
Total Assets	<u>\$2,683,615</u>	<u>\$ 1,792,303</u>
<u>NET ASSETS:</u>		
Restricted	\$ 778,392	\$ 64,033
Unrestricted	<u>1,905,223</u>	<u>1,728,270</u>
Total Net Assets	<u>\$2,683,615</u>	<u>\$1,792,303</u>

As mentioned previously, net assets increased \$891,312 or 50% during 2010.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

Table 2 reflects the changes in net assets during 2010:

**TABLE 2
CHANGE IN NET ASSETS**

	<u>2010</u>	<u>2009</u>
PROGRAM RECEIPTS:		
Operating Grants	\$ 2,603,496	\$ 4,438,898
GENERAL RECEIPTS:		
Human Services Levy	725,000	725,000
Intergovernmental	17,069	16,257
Miscellaneous	21,303	1,566
Total Receipts	3,366,868	5,181,721
DISBURSEMENTS:		
General Government	586,419	498,916
Social Services	1,889,137	4,520,592
Total Disbursements	2,475,556	5,019,508
Excess Receipts Over (Under) Disbursements	891,312	162,213
Net Assets, Beginning of Year	1,792,303	1,642,000
Prior Period Adjustment	-	(11,910)
Net Assets Beginning of Year, Adjusted	1,792,303	1,630,190
Net Assets End of Year	<u>\$2,683,615</u>	<u>\$1,792,303</u>

Intergovernmental revenue represented 100% of total receipts and is primarily comprised of federal, state and county government receipts. The largest category of disbursements, were for specific restricted grant services provided to support the Help Me Grow programs through contractors in the community.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

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, you can think of these changes as one way to measure the Council's financial health. Over time, increases or decreases in the Council's cash position is one indicator of whether the Council's financial health is improving or deteriorating. When evaluating the Council's financial condition, you should consider other non-financial factors as well as the condition of the Council's capital assets and infrastructure, the extent of the Council's reliance on non-local financial resources for operations and the need for continued growth in other local revenue sources.

Capital Assets and Debt Administration

The Council has no capital assets or debt.

Budgetary Highlights

The Council made numerous revisions to the original appropriation approved by the Council and the Council's fiscal agent, the Montgomery County Board of County Commissioners. Overall, these changes resulted in significant changes in the fund balance. During 2010, the Council spent about 81% of the amount appropriated in the General Fund. The Council's 2010 financial statements include budgetary statements for the General Fund, the Help Me Grow (HMG) Fund and the Alien Grant Fund.

Contacting the Council's Financial Management

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 money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Tom Kelley, Director, Montgomery County Office of Family and Children First, 451 West Third Street, 9th Floor, Dayton, Ohio 45422.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY
STATEMENT OF NET ASSETS
December, 2010

Assets	<u>2010</u>
Cash and Cash Equivalents	\$ 2,683,615
Total Assets	<u>2,683,615</u>
Net Assets	
Restricted	778,392
Unrestricted	1,905,223
Total Net Assets	<u>\$ 2,683,615</u>

See accompanying notes to the basic financial statements.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY
STATEMENT OF ACTIVITIES
For the year ended December 31, 2010

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities			
General Government	\$ 586,419	\$ -	\$ (586,419)
Social Services	<u>1,889,137</u>	<u>2,603,496</u>	<u>714,359</u>
Total Government Activities	<u><u>\$ 2,475,556</u></u>	<u><u>\$ 2,603,496</u></u>	<u>127,940</u>
General Revenues:			
Human Services Levy			725,000
Intergovernmental not Restricted			17,069
Miscellaneous			<u>21,303</u>
Total General Receipts			<u><u>763,372</u></u>
Change in Net Assets			891,312
Net Assets - Beginning of Year			<u>1,792,303</u>
Net Assets - End of Year			<u><u>\$ 2,683,615</u></u>

See accompanying notes to the basic financial statements.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
December 31, 2010

	<u>General</u>	<u>Help Me Grow (HMG)</u>	<u>Alien Grant</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 1,905,223	\$ 778,392	\$ -	\$ 2,683,615
Total Assets	<u>\$ 1,905,223</u>	<u>\$ 778,392</u>	<u>\$ -</u>	<u>\$ 2,683,615</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ -	\$ 1,680,588	\$ -	\$ 1,680,588
Unreserved:				
Undesignated, Reported in:				
General Fund	1,905,223	-	-	1,905,223
Special Revenue	-	(902,196)	-	(902,196)
Total Fund Balances	<u>\$ 1,905,223</u>	<u>\$ 778,392</u>	<u>\$ -</u>	<u>\$ 2,683,615</u>

See accompanying notes to the basic financial statements.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
For the year ended December 31, 2010

	<u>General</u>	<u>Help Me Grow (HMG)</u>	<u>Alien Grant</u>	<u>Total Governmental Funds</u>
Receipts				
Intergovernmental	\$ 17,069	\$ 2,496,498	\$ 106,998	\$ 2,620,565
Human Services Levy	725,000	-	-	725,000
Miscellaneous	21,303	-	-	21,303
Total Receipts	763,372	2,496,498	106,998	3,366,868
Disbursements				
Personnel Related	380,837	-	-	380,837
Intergovernmental Disbursements	36,257	-	-	36,257
Contractual Services	-	1,797,674	91,463	1,889,137
Supplies and Materials	5,692	-	-	5,692
Professional Services	99,952	-	-	99,952
Rent, Advertising and Operating	60,650	-	-	60,650
Capital	3,031	-	-	3,031
Total Disbursements	586,419	1,797,674	91,463	2,475,556
 Change in Fund Balances	 176,953	 698,824	 15,535	 891,312
Net Assets Beginning of Year	1,728,270	79,568	(15,535)	1,792,303
Net Assets End of Year	\$ 1,905,223	\$ 778,392	\$ -	\$ 2,683,615

See accompanying notes to the basic financial statements.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
CASH BASIS FUND BALANCES-BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND

For the year ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Human Services Levy	\$ 725,000	\$ 725,000	\$ 725,000	\$ -
Intergovernmental	16,257	16,257	17,069	812
Miscellaneous	-	-	21,303	21,303
Total Receipts	<u>741,257</u>	<u>741,257</u>	<u>763,372</u>	<u>22,115</u>
Disbursements				
Personnel Related	486,427	483,927	380,837	103,090
Supplies and Materials	10,000	9,947	5,692	4,255
Professional Services	119,800	119,800	99,952	19,848
Rent, Advertising and Operating	63,875	66,428	60,650	5,778
Intergovernmental	16,257	36,257	36,257	-
Capital	3,200	3,200	3,031	169
Total Disbursements	<u>699,559</u>	<u>719,559</u>	<u>586,419</u>	<u>133,139</u>
Receipts Over Disbursements	41,698	21,698	176,953	155,254
Fund Balance Beginning of Year	1,716,955	1,716,955	1,716,955	-
Prior Year Encumbrances Appropriated	<u>11,315</u>	<u>11,315</u>	<u>11,315</u>	<u>-</u>
Fund Balance End Of Year	<u>\$ 1,769,968</u>	<u>\$ 1,749,968</u>	<u>\$ 1,905,223</u>	<u>\$ 155,255</u>

See accompanying notes to the basic financial statements.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND
BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -
HELP ME GROW
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 652,060	\$ 2,383,382	\$ 2,496,498	\$ 113,116
Total Receipts	<u>652,060</u>	<u>2,383,382</u>	<u>2,496,498</u>	<u>113,116</u>
Disbursements				
Contractual Services	652,060	2,383,382	3,478,263	(1,094,881)
Total Disbursements	<u>652,060</u>	<u>2,383,382</u>	<u>3,478,263</u>	<u>(1,094,881)</u>
Receipts (Under) Disbursements	-	-	(981,765)	(981,765)
Fund Balance Beginning Of Year	(1,011,529)	(1,011,529)	(1,011,529)	-
Prior Year Encumbrances Appropriated	<u>1,091,098</u>	<u>1,091,098</u>	<u>1,091,098</u>	-
Fund Balance End of Year	<u>\$ 79,569</u>	<u>\$ 79,569</u>	<u>\$ (902,196)</u>	<u>\$ (981,765)</u>

See accompanying notes to the basic financial statements.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES -
 BUDGET AND ACTUAL - BUDGET BASIS
 ALIEN GRANT FUND
 For the year ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Receipts				
Intergovernmental	\$ 107,000	\$ 106,998	\$ 106,998	\$ -
Total Receipts	<u>107,000</u>	<u>106,998</u>	<u>106,998</u>	<u>-</u>
Disbursements				
Contractual Services	107,000	106,998	91,463	15,535
Total Disbursements	<u>107,000</u>	<u>106,998</u>	<u>91,463</u>	<u>15,535</u>
Receipts (Under) Disbursements	-	-	15,535	15,535
Fund Balance Beginning of Year	<u>(15,535)</u>	<u>(15,535)</u>	<u>(15,535)</u>	<u>-</u>
Fund Balance End of Year	<u>\$ (15,535)</u>	<u>\$ (15,535)</u>	<u>\$ -</u>	<u>\$ 15,535</u>

See accompanying notes to the basic financial statements.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY

A. Description of the Entity

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Council and permitted counties to establish county family and children first councils. Montgomery County Family and Children First Council (the Council) is a government entity that is directly concerned with issues of fact or policy on matter other than the improvement of the law, the legal system, or the administration of justice. The Council may invite any other local public or private agency or group that funds, advocates, provides services to children to have a representative become a permanent or temporary member of the council.

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 county council and the progress made in meeting the needs of each child;
- Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invent new approaches to achieve better results for families and children;
- Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infant 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 "Education of the Handicapped Act Amendments of 1986";
- Maintain an accountability system to monitor the Council's progress in achieving its purposes;
- Establish a mechanism to ensure ongoing input from a board representation of families who are receiving services within the county system.

The Council was officially recognized as being established by the Governor on March 30, 1995. The purpose of the Council is to create and sustain an efficient, effective, and responsive countywide system to provide: human, social, health and educational services to families and children.

The Council meets on a quarterly basis.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY (Continued)

B. Reporting Entity

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides various services including human, social, health and educational services to families and children. The Council, the Steering Committee, and the Director have direct responsibility for these activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

These financial statements follow the cash basis of accounting.

The Council's Basic Financial Statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Council as a whole. These statements include the financial activities of the primary government.

The Statement of Net Assets presents the financial condition of the governmental activities of the Council at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions. The comparison of direct expenses with program receipts identifies the extent to which each governmental program is self-financing or draws from the general receipts of the Council.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

2. Fund Financial Statements

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

3. 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.

4. Governmental Funds

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

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

Help Me Grow (HMG) Fund – The Help Me Grow (HMG) Fund is used to account for revenue received and expended from State Help Me Grow and grant monies.

Alien Fund – The Alien Fund is used to account for revenue received and expended from the State Alien Assistance grant monies.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

5. 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.

6. 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.

B. Cash

As required by the Ohio Revised Code, the Montgomery County (the County) Treasurer is custodian for the Council's cash. The Council's assets are held in the County's cash and investment pool, and are valued the County Treasurer's reported carrying amount.

C. 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 basis of accounting the Council uses.

D. Long-term Debt Obligations

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

E. Net Assets

These statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitation on their use.

The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The Council must annually file a budget with its administrative agent. The certificate of estimated resources establishes a limit on the amount 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 Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources in effect at the time final appropriations were passed by the Council.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for the fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts representing the final appropriation amounts passed by the Council during the year.

G. 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 basis of accounting the Council uses.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

3. CASH AND CASH EQUIVALENTS

The Montgomery County Commissioners maintain a cash pool used by all of the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. At year-end, the carrying amount of the Council's deposits with the Montgomery County Commissioners was \$2,683,616. The Montgomery County Board of County Commissioners, as the fiscal agent for the Council, is responsible for maintaining adequate depositor collateral for all funds in the County's pooled cash and deposit accounts.

4. RISK MANAGEMENT

The Council is covered under the County's insurance policies. The County is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The County accounts for its risk management activities in Internal Service funds which also finance its uninsured risk of loss. Under these programs the Internal Service funds provide coverage for up to a maximum of \$250,000 for workers' health care claims, \$300,000 for each workers' compensation claim, \$500,000 for each general liability claim and \$100,000 for each property damage claim. For health care and property and casualty loss programs, the County purchases commercial insurance for claims in excess of coverage provided by the Fund and for other risks of loss.

For the workers' compensation program, the County converted from State coverage to being self-insured effective July 1, 2010. Premiums for January 1, 2010 thru June 30, 2010 were paid to the Ohio Bureau of Workers' Compensation. The County is liable for all workers' compensation claims filed after July 1, 2010. Open cases filed prior to July 1, 2010 remain with the Ohio Bureau of Workers' Compensation for ten years.

The County purchases commercial insurance for non-self-funded employee healthcare benefits programs. For all of the County's insurance programs, settled claims have not exceeded commercial coverage in any of the past three years. There were no significant reductions in coverage from prior years.

5. PENSION PLAN

(a) Plan Description

The Authority contributes to the Ohio Public Employees Retirement System of Ohio (OPERS), a cost sharing, multiple-employer retirement system. OPERS administers three separate pension plans as described below:

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

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

5. PENSION PLAN (Continued)

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

(b) Funding Policy

Plan members are required to contribute a percentage of their annual covered salary (10% in 2010, 2009 and 2008), and the Council is required to contribute an actuarially determined rate. The employer contribution rates were 14% for 2010, 2009 and 2008, of annual covered payroll. The contribution requirements of plan members and the Council are established and may be amended by the Board. The Council's contributions to OPERS for the years ending December 31, 2010, 2009 and 2008 were \$39,494, \$30,247 and \$38,865, respectively, equal to the required contributions for each year. Required employer contributions are equal to 100% of the dollar amount billed to each employer.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

6. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

(a) Plan Description

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

(b) Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.00% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

6. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Council's contributions for post-employment benefits were \$15,521, \$12,393 and \$19,433 for the years ended December 31, 2010, 2009 and 2008, respectively.

(c) *OPERS Retirement Board Implements its Health Care Preservation Plan*

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
For the year ended December 31, 2010

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed through Ohio Department of Health</i>			
Special Education Grants for Infants and Families with Disabilities (Help Me Grow - Part C)	SFY11	84.181	\$ 337,105
Help Me Grow - ARRA	SFY10	84.393A	296,414
Help Me Grow - ARRA	SFY11	84.393A	120,766
Total United States Department of Education			<u>754,285</u>
UNITED STATES DEPARTMENT OF REHABILITATION			
Community Partners for Re-Entry	DCRG280	16.606	91,463
Total United States Department of Rehabilitation			<u>91,463</u>
Total Federal Assistance			<u><u>\$ 845,748</u></u>

The accompanying notes are an integral part of this schedule.

**MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2010**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Council's federal award programs. The schedule has been prepared on the cash basis of accounting.

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

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

Montgomery County Family and Children First Council
451 West Third Street, 9th Floor
Dayton, Ohio 45422

To the Council:

We have audited the financial statements of the governmental activities and each major fund of the Montgomery County Family and Children First Council (the Council) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 10, 2011, wherein we noted the Council followed the cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

May 10, 2011

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Charles E. Harris & Associates, Inc.
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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Montgomery County Family and Children First Council
451 West Third Street, 9th Floor
Dayton, Ohio 45422

To the Council:

Compliance

We have audited the compliance of the Montgomery County Family and Children First Council, Montgomery County (Council), with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could directly and materially affect each of Montgomery County Family and Children First Council's major federal programs for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Council's major federal programs. The Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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

In our opinion, Montgomery County Family and Children First Council complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010.

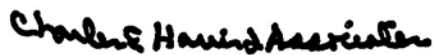
Internal Control Over Compliance

The Council's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the finance committee, the Council, management, federal awarding agencies and pass-through entities and other within the Council. It is not intended for anyone other than these specified parties.



Charles E. Harris and Associates, Inc.

May 10, 2011

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

**MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY
December 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	CFDA # 84.181 Special Education Grants for Infants and Families with Disabilities (Help Me Grow - Part C) CFDA # 84.393A Help Me Grow - ARRA
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: >\$300,000 Type B: All Others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

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

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MONTGOMERY COUNTY
December 31, 2010

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending December 31, 2009, reported no material citations or recommendations.



Dave Yost • Auditor of State

MONTGOMERY COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 23, 2011**