

Stark County Family Council

Financial Condition

As of

December 31, 2008

Together with Auditor's Report



Mary Taylor, CPA

Auditor of State

Board of Trustees
Stark County Family Council
800 Market Avenue N.
Canton, Ohio 44702

We have reviewed the *Independent Auditor's Report* of the Stark County Family Council, Stark County, prepared by Kevin L. Penn, Inc., for the audit period July 1, 2008 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Stark County Family Council is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 7, 2009

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STARK COUNTY FAMILY COUNCIL

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Independent Auditor's Report

To the Board of Trustee
Board of Stark County Family Council
Stark County, Ohio

I have audited the accompanying financial statements of Stark County Family Council, Stark County (the "Council") as of and for the six month period ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 2, the Council has changed its fiscal year from June 30 to December 31 resulting in the current reporting period being six months.

As discussed in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although I cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, I presume they are material.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the six month period ended December 31, 2008. Instead of the combined funds the accompanying financial statements present for 2008, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2008. While the Council does not follow GAAP, generally accepted auditing standards require me to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since the Council does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. My opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In my opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2008, or its changes in financial position for the six month period ended.

Also, in my opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Stark County Family Council as of December 31, 2008, and its combined cash receipts and disbursements for the six month period then ended, on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the year ended December 31, 2008. The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted In the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with Government Auditing Standards, I have also issued my report dated October 15, 2009, on my consideration of the Council's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my testing of internal controls over financial reporting and compliance and the results of testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards. You should read it in conjunction with this report in assessing the results of my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Stark County Family Council taken as a whole. 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. This schedule is the responsibility of management of Stark County Family Council, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Kevin L. Penn, Inc.

October 15, 2009

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Stark County Family Council
 Stark County
 Combined Statement of Cash Receipts, Disbursements and
 Changes in Fund Cash Balances - Governmental Fund Types
 For the Six Month Period Ended December 31, 2008

	General Fund	Special Revenue Fund	Total
Cash Receipts:			
Intergovernmental	\$ 88,111	\$ 1,590,836	\$ 1,678,947
Other Revenue	150	2,636	2,786
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	88,261	1,593,472	1,681,733
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Salaries and Benefits	58,123	321,315	379,438
Supplies and Materials	11,161	25,972	37,133
Purchased Services	37,434	1,163,633	1,201,067
Capital Outlay	-	2,376	2,376
Other	2,931	6,150	9,081
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	109,649	1,519,446	1,629,095
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(21,388)	74,026	52,638
	<hr/>	<hr/>	<hr/>
Fund Cash Balance - July 1	75,274	366,675	441,949
	<hr/>	<hr/>	<hr/>
Fund Cash Balance - December 31	\$ 53,886	\$ 440,701	\$ 494,587
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserves for Encumbrances, December 31	\$ 13,966	\$ 345,985	\$ 359,951
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

STARK COUNTY FAMILY COUNCIL
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Organization and Reporting Entity

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

- a. The director of the board of alcohol, drug addiction and mental health services that serves the county, or in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards.
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to Ohio Rev. Code Section 5153.15;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The county's juvenile court judge senior in service;
- g. The superintendent of the city, exempted Council, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board or county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- I. A representative of the county's head start agencies, as defined in Ohio Rev. Code Section 3301.31;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986;" and

STARK COUNTY FAMILY COUNCIL
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Organization and Reporting Entity (Continued)

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

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

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a countywide, comprehensive, coordinated, multidisciplinary, inter-agency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Education of the Handicapped Act Amendments of 1986;"
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes; and
- f. Establish a mechanism to ensure ongoing input from a board representation of families who are receiving services within the county system.

The Stark County Family Council (the "Council") was officially created on March 15, 1995 by proclamation of the Governor of the State of Ohio.

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Council has no component units that are presented in the financial statements.

STARK COUNTY FAMILY COUNCIL
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Stark County Treasurer maintains a cash and investment pool used by all of the County's funds, including those of the Council. Deposits and investments are made in accordance with Ohio Revised Code.

D. Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Council classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Council had the following significant special revenue funds:

Early Intervention Part C — This fund receives federal grant money for the purpose of providing services to families with young children who have disabilities from birth to 3 years of age.

STARK COUNTY FAMILY COUNCIL
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Help Me Grow (Temporary Assistance for Needy Families) Grant Fund— This fund receives federal grant money for the purpose of providing services to families with young children at greater risk.

GRF Fund— This fund receives state grant money for the purpose of providing services to families with young children at greater risk.

E. Budgetary Process

Ohio Revised Code Section 121.37(B)(4) requires the Council to file an annual budget with its administrative agent (Stark County Community Mental Health Board), the county auditor, and the board of county commissioners. This budget includes estimated resources and appropriations.

1. Appropriations

As Stark County serves as the fiscal agent for the Council, the Council is required to adopt annual appropriations. The County maintains all of the Council's financial activity in one fund and annual appropriations are adopted on the object level for that fund.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

3. Encumbrances

The Council reserves (encumbers) appropriations when commitments are made, in accordance with the procedures of its fiscal agent (Stark County). Encumbrances outstanding at year-end are carried over and are not re-appropriated.

A summary of the six month period ended December 31, 2008 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

STARK COUNTY FAMILY COUNCIL
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 2: CHANGE IN ACCOUNTING PERIOD

Council passed legislation in November 2008 changing its fiscal year to end on December 31. Therefore, Council is issuing financial statements for the July 1, 2008 through December 31, 2008 in the initial year and from January through December in subsequent years. This decision was made to better align the Council's financial records with the State of Ohio and other granting agencies.

NOTE 3: EQUITY IN POOLED CASH AND INVESTMENTS

Stark County, the fiscal agent for the Council, maintains a cash and investment pool used by all funds, including the Council. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2008 was as follows:

Deposits with County Treasurer \$ 494,587

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

NOTE 4: BUDGETARY ACTIVITY

The Family Council's budget and actual information is maintained by the County in one fund which does not break down information by the Council's general and special revenue funds.

Budgetary activity for the fiscal period ended December 31, 2008 follows:

<u>2008 Budgeted vs. Actual Receipts</u>			
			Over/(Under)
<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Budget</u>
	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
Council	\$ 3,501,920	\$ 1,681,733	\$ (1,820,187)

<u>2008 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
			Over/(Under)
<u>Fund Type</u>	<u>Appropriation</u>	<u>Budgetary</u>	<u>Budget</u>
	<u>Council</u>	<u>Expenditures</u>	<u>Variance</u>
Council	\$ 2,954,778	\$ 1,989,046	\$ 965,732

NOTE 5: RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. Members of OPERS contributed 10.5 percent of their gross salaries from July 1 to December 31 of 2008. The Council contributed an amount equaling 14 percent of participants' gross salaries from July 1 to December 31 of 2008. The Council has paid all contributions required through December 31, 2008.

STARK COUNTY FAMILY COUNCIL
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 6: LEASE AGREEMENTS

The Council entered into a lease agreement for the use of Suite 1600 at 800 Market Avenue North, Canton, Ohio 44702, for the term July 1, 2008 through December 31, 2008 with monthly payments of \$1,527.

The Council entered into a lease agreement for the use of Suite 1610 at 800 Market Avenue North, Canton, Ohio 44702, for the term July 1, 2008 through December 31, 2008 with monthly payments of \$1,153.

The Council has entered into a lease agreement for the use of 288 square feet of storage space at 800 Market Avenue North, Canton, Ohio 44702, for the term July 1, 2008 through December 31, 2008 with monthly payments of \$77.

The Council entered into a lease agreement for the use of Suite 1500 at 800 Market Avenue North, Canton, Ohio 44702, for the term July 1, 2008 through December 31, 2008 with monthly payments of \$742.

All lease agreements have been extended to December 31, 2008 at the same monthly payments. Total rental expense for the premises was \$41,988 for fiscal year 2008. The minimum future lease payments are \$20,994.

NOTE 7: RISK MANAGEMENT

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- General liability — \$1,000,000 each occurrence, \$2,000,000 aggregate — Central Insurance Companies
- Umbrella liability - \$1,000,000 each occurrence, — Central Insurance Companies

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in this coverage from the prior year.

The Council is a member of the Stark County Schools Council of Government which is a shared risk pool for health insurance provided to its member employees.

The pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2007</u>	<u>2008</u>
Cash and investments	\$ 35,317,606	\$ 47,814,000
Actuarial liabilities	10,460,000	10,652,000

NOTE 8: CONTINGENT LIABILITIES

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

Stark County Family Council

Schedule of Expenditures of Federal Awards
 For the Six Month Period Ended December 31, 2008

Federal Grantor Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Health:			
Special Education - Grants for Infants and Families with Disabilities - Early Intervention	N/A	84.181	\$ 163,290
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Ohio Department of Health:			
Temporary Assistance for Needy Families (TANF)	N/A	93.558	<u>926,291</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,089,581</u>

The accompanying notes to this schedule are an integral part of this schedule.

**STARK COUNTY FAMILY COUNCIL
STARK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2008**

NOTE A— SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B — MATCHING REQUIREMENTS

Certain federal programs require that the Council contribute funds (matching funds) to support the federally-funded programs. The Council has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

To the Board of Trustee
Board of Stark County Family Council
Stark County, Ohio

I have audited the financial statements of Stark County Family Council, Stark County, Ohio (the Council) as of and for the six month period ended December 31, 2008, and have issued my report thereon dated October 15, 2009. I conducted my audit in accordance with generally accepted auditing standards 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. My report on the financial statements disclosed that, as described in Note 2 to the financial statements, the Council has changed its fiscal year to a December 31 year end, resulting in the current reporting period being six months. Also, as described in Note 1 to the financial statements, the Council prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

Internal Control Over Financial Reporting

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

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Stark County Family Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with a comprehensive basis of accounting other than generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Stark County Family Council's financial statements that is more than inconsequential will not be prevented or detected by Stark County Family Council's internal control. I consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting. 2008-01.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

I noted certain matters that I reported to management of Stark County Family Council in a separate letter dated October 15, 2009

The Stark County Family Council's response to the finding identified in my audit is described in the accompanying schedule of findings. I did not audit the Stark County Family Council's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specified parties.

Kevin L. Penn, Inc.

October 15, 2009



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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance with OMB Circular A-133

To the Board of Trustee
Board of Stark County Family Council
Stark County, Ohio

Compliance

I have audited the compliance of Stark County Family Council with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the six month period ended December 31, 2008. Stark County Family Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Stark County Family Council's management. My responsibility is to express an opinion on Stark County Family Council's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and OMB Circular A-1 33, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-1 33 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stark County Family Council's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for our opinion. My audit does not provide a legal determination of Stark County Family Council's compliance with those requirements.

In my opinion, Stark County Family Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the six month period ended December 31, 2008.

Internal Control Over Compliance

The management of Stark County Family Council 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 my audit, I considered Stark County Family Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Stark County Family Council's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Kevin L. Penn, Inc.

October 15, 2009

STARK COUNTY FAMILY COUNCIL
 STARK COUNTY
 Schedule of Findings
 December 31, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weakness(es) identified? No
 Significant deficiency(s) identified
 not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over financial reporting:
 Material weakness(es) identified? No
 Significant deficiency(s) identified
 not considered to be material weaknesses? No

Type of auditor's report issued on compliance
 for major program: Unqualified

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? No

Identification of major programs:
 93.558 Temporary Assistance for
 Needy Families (TANF)

Dollar threshold used to distinguish
 between Type A and Type B programs: \$300,000 (Type A)

Auditee qualified as low-risk auditee? Yes

Stark County Family Council
Stark County

Schedule of Findings
December 31, 2008

Finding Related to the Financial Statements
Required to be Reported in Accordance with GAGAS

2008-01

Preparation of Financial Statement

Condition:

The cash receipts for Fund 690 were understated by \$35,193 and cash disbursements for Fund 690 were understated by \$64,650, as a result of omitting transactions for the months of July, August and September, processed by the Administrative Agent.

Criteria:

The financial statement should reflect the actual cash receipts and disbursements for the six months ended December 31, 2008.

Effect:

Total Receipts Over/(Under) Disbursements were understated by \$29,657.

Cause:

Inadequately designed control policies and procedures related to the preparation of the financial statement.

Recommendation:

I recommend that the preparation of the financial statement reports the actual cash receipts and cash disbursements. In addition, management should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and the design appropriate controls as necessary to encompass all transactions. Furthermore, management should consider where errors or fraud could occur that would cause a material misstatement in the financial statements and which policies or procedures would prevent or detect the error or fraud on a timely basis.

Stark County Family Council
Stark County

Schedule of Prior Audit Findings
December 31, 2008

2008-1

Recommendation:

I recommend that the preparation of the financial statement reports the actual cash receipts and cash disbursements. In addition, management should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and the design appropriate controls as necessary to rectify inadequacies. Furthermore, management should consider where errors or fraud could occur that would cause a material misstatement in the financial statements and which policies or procedures would prevent or detect the error or fraud on a timely basis.

Auditee's Response:

Effective July 1, 2008, the responsibility for all record keeping and the preparation of combined financial statements for the Stark County Family Council transferred back to Council from the administrative agent. In the last six months all funds held by the Mental Health and Recovery Services Board have been fully reconciled and transferred over to Council fund accounts. In lieu of reports that were prepared on an accrual basis, the combined regular statements, including a reconciliation of all cash balances by fund with the County Auditor's office are now being prepared on a cash basis.

Current Status:

The finding will be repeated for the six month audit period.

CORRECTIVE ACTION PLAN

December 31, 2008

Oversight Agency for Audit: Department of Health and Human Services

Stark County Family Council, respectfully submits the following corrective action plan for the six month period ended December 31, 2008.

Name and address of independent public accounting firm: Kevin L. Penn, Inc. 11811 Shaker Blvd. Suite 421, Cleveland, Ohio 44120.

Audit Period: July 1, 2008 to December 31, 2008.

The findings from the July 1, 2008 to December 31, 2008 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

Significant Deficiencies

2008-01

Preparation of Financial Statement

Recommendation:

I recommend that the preparation of the financial statement reports the actual cash receipts and cash disbursements. In addition, management should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and the design appropriate controls as necessary to encompass all transactions. Furthermore, management should consider where errors or fraud could occur that would cause a material misstatement in the financial statements and which policies or procedures would prevent or detect the error or fraud on a timely basis.

Auditee Response's:

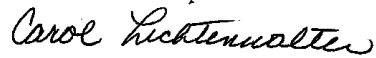
Effective July 1, 2008, the responsibility for all record keeping and the preparation of combined financial statements for the Stark County Family Council transferred back to Council from the administrative agent, the Stark County Mental Health and Recovery Services Board. A new fund was established at the County Auditor's office to record all receipts and expenditures of funds for Council's Core and Wraparound departments. All funds held by the Mental Health and Recovery Services Board were fully reconciled and carryover fund balances were then transferred over to Council's new fund account. Council's fiscal year budget and appropriations for the period July - December 08 included the net transfer of cash and current year revenue and expenses. Fiscal reports reflected all actual transactions that occurred in the newly established fund and accurately reflected Council's actual cash balance.



However, the combined regular statements, while including the net reconciliation of cash balances previously held by the Administrative Agent, did not reflect the actual (gross) revenues and expenses that had remained in the Administrative Agents fund with the County Auditor. The combined financial statements in all subsequent reports however, do accurately reflect all cash transactions and balances for all funds held with Council.

If there any questions regarding this plan, please call Carol Lichtenwalter, Director at (330) 455-2026.

Sincerely,



Carol Lichtenwalter, Director



Mary Taylor, CPA
Auditor of State

FAMILY COUNCIL

STARK 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
DECEMBER 17, 2009**