



**Dave Yost • Auditor of State**



**STARK COUNTY FAMILY COUNCIL  
STARK COUNTY**

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# Dave Yost • Auditor of State

Stark County Family Council  
Stark County  
2100 38<sup>th</sup> St. NW  
Canton, Ohio 44709

To the Council Members:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Council 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Dave Yost**  
Auditor of State

February 27, 2013

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Stark County Family Council  
Stark County  
2100 38<sup>th</sup> St. NW  
Canton, Ohio 44709

To the Council Members:

We have audited the accompanying financial statements of Stark County Family Council, Stark County, (the Council) as of and for the year ended June 30, 2012. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, 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 (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended June 30, 2012 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of June 30, 2012, or its changes in financial position for the year then ended

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Stark County Family Council, Stark County, as of June 30, 2012, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2012, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 the 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

February 27, 2013



**STARK COUNTY FAMILY COUNCIL  
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>Cash Receipts:</b>			
Intergovernmental	\$ 101,750	\$ 1,494,551	\$ 1,596,301
Other Revenue	0	75,018	75,018
	<u>101,750</u>	<u>1,569,569</u>	<u>1,671,319</u>
<b>Total Cash Receipts</b>	<b>101,750</b>	<b>1,569,569</b>	<b>1,671,319</b>
<b>Cash Disbursements:</b>			
Salaries and Benefits	54,995	1,414,186	1,469,181
Supplies and Materials	1,274	14,636	15,910
Purchased Services	7,380	183,418	190,798
Capital Outlay	59	6,108	6,167
Other	1,671	36,387	38,058
	<u>65,379</u>	<u>1,654,735</u>	<u>1,720,114</u>
<b>Total Cash Disbursements</b>	<b>65,379</b>	<b>1,654,735</b>	<b>1,720,114</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>36,371</b>	<b>(85,166)</b>	<b>(48,795)</b>
<b>Fund Cash Balance - July 1, 2011 (restated)</b>	<u>48,642</u>	<u>826,729</u>	<u>875,371</u>
<b>Fund Cash Balances - June 30, 2012</b>			
Restricted		741,563	741,563
Unassigned	85,013		85,013
<b>Fund Cash Balance - June 30, 2012</b>	<u>85,013</u>	<u>741,563</u>	<u>826,576</u>

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

**STARK COUNTY FAMILY COUNCIL  
STARK COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**Note 1 - Description of Reporting Entity**

The Ohio Revised 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 revised 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 village, 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 of county council, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in Ohio Revised 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
- n. At least three individuals representing the interests of the families of 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 State cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the State 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 development of a county-wide, comprehensive, coordinated, multidisciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families as established pursuant to federal grants received and administered by the department of health for the 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

**STARK COUNTY FAMILY COUNCIL  
STARK COUNTY**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

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**Note 1 - Description of Reporting Entity (Continued)**

- f. Establish a mechanism to ensure ongoing input from a broad 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 financially 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.

**Note 2 - Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The Council's financial statements are prepared using 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.

**B. 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:

*General Fund* - The General Fund accounts for all financial resources, except those required to be accounted for in another fund.

*Special Revenue Funds* - These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council has the following significant Special Revenue Funds:

*Wraparound Local Fund* – This fund receives local monies from various community agencies to perform multi-system service coordination.

*Ohio Children's Trust Fund* – This fund receives grant monies to provide services aimed at preventing child abuse and neglect.

**STARK COUNTY FAMILY COUNCIL  
STARK COUNTY**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

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**Note 2 - Summary of Significant Accounting Policies** (continued)

*Family-Centered Services and Supports Fund* - This fund receives grant monies focused on maintaining children and youth in their homes and communities by meeting the multi-systemic needs of children receiving service coordination.

*Help Me Grow GRF Fund* – This fund receives grant monies to provide services to at-risk families and children.

*Help Me Grow Early Intervention (Part C) Fund*– 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.

**C. Budgetary Process**

A Family and Children First Council established under ORC Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October, 1997, the entity is required to file a budget with the Administrative Agent. This budget includes appropriations, estimated resources and encumbrances.

*Appropriations* - The Council is required by its fiscal agent to adopt annual appropriations.

*Estimated Resources* - The Council's estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

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

All monies (grants, contracts, fees and other receipts) paid to the Council are deposited by the fiscal agent to the Council's funds which have been created for the purpose of accounting for Council receipts and disbursements.

A summary of the year ended June 30, 2012 budgetary activity appears in Note 5.

**D. Cash and Investments**

The Council's fiscal agent is the custodian for the Council's cash and investments. The fiscal agent maintains a cash and investment pool used for all of the fiscal agent's funds, including those of the Council. Deposits and investments are made in accordance with Ohio Revised Code.

**E. Property, Plant and Equipment**

The Council records disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, 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 Basic Financial Statements  
For the Year Ended June 30, 2012

**Note 2 - Summary of Significant Accounting Policies** (continued)

**G. Fiscal and Administrative Agent**

The Stark County Educational Service Center, 2100 38<sup>th</sup> St. NW, Canton, OH 44709, serves as the fiscal and Stark County Board of Commissioners, 110 Central Plaza South Canton, Ohio 44702 serves as the administrative agent for the Council.

**H. Fiscal Year**

The Council's financial statements are prepared based on a fiscal year that commences July 1 and terminates June 30 to conform with the fiscal year of its administrative agent and major funders.

**Note 3 – Restatement of Fund Balances**

A fund reclassification was required in order to report funds in accordance with GASB Statement No. 54. This fund reclassification had the following effect on the Council's statements as previously reported:

	General Fund	Special Revenue Fund	Total
Fund Cash Balance, Previously Reported at June 30, 2011	\$40,815	\$834,557	\$875,372
Fund Reclassification:			
Restricted Fund Balance		23,975	23,975
Assigned Fund Balance		(31,803)	(31,803)
Unassigned Fund Balance	7,827		7,827
Restated Fund Balance, July 1, 2011	\$48,642	\$ 826,729	\$875,371

**Note 4 - Equity in Pooled Cash and Investments**

Stark County Educational Service Center, the fiscal agent for the Council, maintains a cash and investment pool used by all its funds, including the Council. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of the Council's cash at June 30, 2012 was as follows:

Deposits with Stark County Educational Service Center	\$826,576
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Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Note 5 - Budgetary Activity**

The Council's budget and actual information is maintained by the fiscal agent in funds which do not break down the information by the Council's general and special revenue funds.

**STARK COUNTY FAMILY COUNCIL  
STARK COUNTY**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

**Note 5 - Budgetary Activity** (continued)

Budgetary activity for the fiscal period ended June 30, 2012 is as follows:

<u>2012 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Over/(Under) Budget Variance</u>
Council	\$ 1,776,805	\$ 1,671,319	\$ (105,486)

<u>2012 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation</u>	<u>Budgetary Expenditures</u>	<u>Over/(Under) Budget Variance</u>
Council	\$ 2,427,954	\$ 1,790,207	\$ (637,747)

**Note 6 - Defined Benefit Pension Plan**

The Council's employees participate in the School Employees Retirement System (SERS). SERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include post-retirement healthcare, survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. Members of SERS contributed 10 percent of their gross salaries from July 1 to June 30 of 2012. The Council contributed an amount equaling 14 percent of participants' gross salaries from July 1 to June 30 of 2012. The Council has paid all contributions required through June 30, 2012.

**Note 7 - Risk Management**

The Council has obtained commercial insurances for the following risks:

*General Liability* - \$1,000,000 each occurrence; \$2,000,000 aggregate - Ohio Casualty  
*Umbrella Liability* - \$1,000,000 each occurrence - Ohio Casualty

Settled claims have not exceeded this commercial coverage in any of the last 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 June 30 (the latest information available):

	<u>2011</u>	<u>2012</u>
Cash and Investments	\$89,702,252	\$86,996,330
Actuarial Liabilities	13,719,000	15,897,000

**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. Grantors 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  
STARK COUNTY**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2012

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**Note 9 – Fund Balance**

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

**1. Nonspendable**

The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

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

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# Dave Yost • Auditor of State

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

Stark County Family Council  
Stark County  
2100 38<sup>th</sup> St. NW  
Canton, Ohio 44709

To the Council Members:

We have audited the financial statements of the Stark County Family Council, Stark County, (the Council) as of and for the year ended June 30, 2012, and have issued our report thereon dated February 27, 2013. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control 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 audit procedures for the purpose of expressing our opinion 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 Government'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 grant 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Stark County Family Council  
Stark County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of management, Council and others within the Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

February 27, 2013



# Dave Yost • Auditor of State

STARK COUNTY 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  
MARCH 26, 2013