

Stark County Schools Council of Governments

Stark County, Ohio

Regular Audit

July 1, 2007 through June 30, 2008



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: (740) 289-4131 Fax: (740) 289-3639



Mary Taylor, CPA
Auditor of State

Stark County Schools Council of Governments
2100 38th Street, NW
Canton, Ohio 44709

We have reviewed the *Independent Accountants' Report* of the Stark County Schools Council of Governments, Stark County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period July 1, 2007 through June 30, 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.

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 Schools Council of Governments is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 18, 2009

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Stark County Schools Council of Governments
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Independent Accountants' Report

Stark County Schools Council of Governments
2100 38th Street, NW
Canton, Ohio 44709

We have audited the accompanying financial statements of the business-type activities of the Stark County Schools Council of Governments, Stark County, Ohio (the Council), as of and for the year ended June 30, 2008. 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 that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the business-type activities of the Council, as of June 30, 2008, and the changes in modified cash basis financial position thereof in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2008, 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.

Management's discussion and analysis 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, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.


Balestra, Harr & Scherer, CPAs, Inc.
December 31, 2008

Stark County Schools Council of Governments

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

The discussion and analysis of the Stark County Schools Council of Governments' (the "Council") financial performance provides an overall review of the Council's financial activities for the fiscal year ended June 30, 2008, within the limitations of the Council's modified cash basis of accounting. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the modified cash basis financial statements and notes to the basic financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets were \$46,026,262 at June 30, 2008.
- The Council had operating receipts of \$135,295,734 and operating disbursements of \$125,048,970 for fiscal year 2008. The Council also received \$1,568,496 in interest receipts during the year. Total change in net assets for fiscal year 2008 was an increase of \$11,815,260.

Using these Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Council's modified cash basis of accounting. This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Council's financial activities. The statement of net assets – modified cash basis and the statement of cash receipts, cash disbursements, and changes in net assets – modified cash basis provide information about the activities of the Council.

Reporting the Council's Financial Activities

Statement of Net Assets - Modified Cash Basis and the Statement of Cash Receipts, Cash Disbursements, and Changes in Net Assets – Modified Cash Basis

These documents look at all financial transactions and asks the question, "How did we do financially during 2008?" The statement of net assets – modified cash basis and the statement of cash receipts, cash disbursements, and changes in net assets – modified cash basis answer this question. These statements include only net assets using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Council's net assets and changes in those assets on a modified cash basis. This change in net assets is important because it tells the reader that, for the Council as a whole, the modified cash basis financial position of the Council has improved or diminished.

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

The statement of net assets – modified cash basis can be found on page 5 of this report and the statement of cash receipts, cash disbursements, and changes in net assets – modified cash basis can be found on page 6 of this report.

Stark County Schools Council of Governments

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

The table below provides a summary of the Council's net assets at June 30, 2008 and June 30, 2007.

Net Assets

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Cash and investments with fiscal agent	\$ 46,026,262	\$ 34,211,002
Total assets	<u>\$ 46,026,262</u>	<u>\$ 34,211,002</u>
<u>Net assets</u>		
Unrestricted	\$ 46,026,262	\$ 34,211,002
Total net assets	<u>\$ 46,026,262</u>	<u>\$ 34,211,002</u>

Net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the Council's net assets totaled \$46,026,262, an increase of \$11,815,260 over fiscal year 2007.

The table below shows the changes in net assets for fiscal years 2008 and 2007.

Change in Net Assets

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Operating receipts</u>				
Health benefit premium deposits	\$ 130,616,019	\$ 119,584,760	\$ 11,031,259	9.22%
COBRA deposits	347,562	285,313	62,249	21.82%
Flex Pro plan deposits	2,233,074	1,997,784	235,290	11.78%
Stop loss reimbursements	1,919,048	1,545,026	374,022	24.21%
Run-out claims	180,031	-	180,031	100.00%
Total operating receipts	<u>135,295,734</u>	<u>123,412,883</u>	<u>11,882,851</u>	9.63%
<u>Operating disbursements:</u>				
Medical claims	115,551,076	104,629,523	10,921,553	10.44%
Life insurance	1,305,536	1,309,379	(3,843)	-0.29%
Purchased services	8,107,978	7,377,906	730,072	9.90%
Supplies	7,942	1,289	6,653	516.14%
Other	76,438	77,273	(835)	-1.08%
Total operating disbursements	<u>125,048,970</u>	<u>113,395,370</u>	<u>11,653,600</u>	10.28%
<u>Non-operating receipts:</u>				
Interest	<u>1,568,496</u>	<u>1,245,278</u>	<u>323,218</u>	25.96%
Total non-operating receipts	<u>1,568,496</u>	<u>1,245,278</u>	<u>323,218</u>	25.96%
Change in net assets	<u>\$ 11,815,260</u>	<u>\$ 11,262,791</u>	<u>\$ 552,469</u>	4.91%

The increase in operating receipts increased primarily due to three reasons. First, outstanding premiums from fiscal 2007 were collected in fiscal 2008. Second, the Council had an increase in members. Third, the Council authorized an increase in funding for fiscal 2008 based on previous year claims and insurance trends.

Interest receipts increased in fiscal year 2008 due to higher interest rates and having more funds to invest when compared to fiscal year 2007.

Stark County Schools Council of Governments

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Operating disbursements increased due to increased membership and insurance premiums during fiscal 2008.

Current Financial Related Activities

The Council is a shared risk pool, formed to carry out a cooperative program for the provision and administration of health care benefits for members. The Council is constantly assessing insurance needs of its members and acting to provide these services cost-effectively.

The Council receives an actuarial opinion statement annually assessing the claims liability of the Council.

Contacting the Council's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Jeff Bartholomew, Treasurer, Stark County ESC, 2100 38th Street NW, Canton, Ohio 44709-2300 or by calling (330) 492-8136.

Stark County Schools Council of Governments
Statement of Net Assets - Modified Cash Basis
June 30, 2008

Assets:	
Cash and investments with fiscal agent	<u>\$46,026,262</u>
Total assets	<u><u>\$46,026,262</u></u>
Net assets:	
Unrestricted	<u>\$46,026,262</u>
Total net assets	<u><u>\$46,026,262</u></u>

See the accompanying notes to the basic financial statements.

Stark County Schools Council of Governments
Statement of Cash Receipts, Cash Disbursements, and
Changes in Net Assets - Modified Cash Basis
For the Fiscal Year Ended June 30, 2008

Operating receipts:	
Health benefit premium deposits	\$130,616,019
COBRA deposits	347,562
Flex Pro plan deposits	2,233,074
Stop loss reimbursements	1,919,048
Run-out claims	<u>180,031</u>
 Total operating receipts	 <u>135,295,734</u>
Operating disbursements:	
Medical claims	115,551,076
Life insurance	1,305,536
Purchased services	8,107,978
Supplies	7,942
Other	<u>76,438</u>
 Total operating disbursements	 <u>125,048,970</u>
 Excess of operating receipts over operating disbursements	 <u>10,246,764</u>
Non-operating receipts:	
Interest	<u>1,568,496</u>
 Total non-operating receipts	 <u>1,568,496</u>
 Change in net assets	 11,815,260
 Net assets at beginning of year	 <u>34,211,002</u>
 Net assets at end of year	 <u><u>\$46,026,262</u></u>

See accompanying notes to the basic financial statements.

Stark County Schools Council of Governments

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 1 - DESCRIPTION OF THE COUNCIL

Stark County Schools Council of Governments, Stark County, Ohio (the "Council") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio as defined by Chapter 167 of the Ohio Revised Code.

The Council is a shared risk pool as defined by Governmental Accounting Standards Board Statement No. 10. It was formed to carry out a cooperative program for the provision and administration of health care benefits for member employees and to promote other cooperative programs (such as the group rating for workers' compensation) which may be approved in accordance with the Council by-laws.

The Council Assembly is the legislative decision-making body of the Council and is comprised of the superintendent or executive officer from each member. As of June 30, 2008, there were 56 members of the Council.

Members pay monthly premiums (program costs) that are placed in a common fund from which eligible claims are paid for member employees and their covered dependents. Claims are paid for all participants regardless of claims flows, resulting in a transfer of all risk. Members with less than 3 years experience are required to maintain a "reserve balance" equal to 30% of their prior fiscal year claims.

The Board of Directors is the advisory body of the Council and is comprised of five individuals, including the Superintendent of Stark County Educational Service Center who serves as the Chairman. Among other responsibilities, the Board reviews the applications of potential new Council members, reviews health insurance policies, and selects carriers for insurance coverage. The Board also reviews contracts for the purpose of selecting third-party administrators and makes recommendations to the Council Assembly related to member program costs and adjustments.

The Council Agreement can be terminated by a two-thirds vote of the participating members. Upon such termination, the net reserve balance will be transferred to the members in proportion to their fiscal year premium deposits divided by the total deposits of all members.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.B, these financial statements are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the financial statements for the enterprise fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Council does not apply FASB statements issued after November 30, 1989, to its enterprise fund. Following are the more significant of the Council's accounting policies.

A. Basis of Presentation

The Council's basic financial statements consist of a statement of net assets - modified cash basis and statement of cash receipts, cash disbursements, and changes in net assets - modified cash basis.

Stark County Schools Council of Governments

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Accounting

The Council's financial statements are prepared using the modified cash basis of accounting. Under the modified cash basis of accounting, receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Operating receipts are those receipts that are generated directly from the primary activity of the Council. Operating disbursements are necessary costs incurred to provide the service that is the primary activity of the Council. All receipts and disbursements not meeting these definitions are reported as non-operating.

C. Fund Accounting

The Council maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of the governmental entities in which legal or other constraints require the recording of specific receipts and disbursements. The Council uses an enterprise fund to account for its operations. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (disbursements) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of receipts, disbursements, and/or change in net assets is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

D. Cash and Investments with Fiscal Agent

The Stark County Educational Service Center (the "Service Center") serves as fiscal agent for the Council. The Service Center maintains the Council's financial activity on the Service Center's books under a specific fund designated for Council activity. The Treasurer of the Service Center, acting as custodian of Council funds, invests monies on behalf of the Council. Investments maintained by the Service Center as fiscal agent include money market accounts, a repurchase agreement, and federal government agency securities. These investments are valued at cost.

An analysis of the Council's cash and investments with its fiscal agent at fiscal year-end is provided in Note 3.

E. Budgetary Process

The Council is not required to follow the budgetary process, but has decided to adopt a formal budget annually.

Stark County Schools Council of Governments
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level and appropriations may not exceed estimated resources. The Board annually approves appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated. The Council had no encumbrances outstanding at June 30, 2008.

A summary of 2008 budgetary activity appears in Note 4.

NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT

The Service Center serves as the fiscal agent for the Council. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at June 30, 2008 was as follows:

	<u>Maturity (years)</u>	<u>Cost/ Carrying Value</u>
Demand deposits	-	(\$2,380,933)
Money market accounts	Less than 1	1,597,959
Repurchase agreement	Less than 1	32,260,000
Federal National Mortgage Association	Less than 1	5,167,087
Federal National Mortgage Association	1 to 5	1,250,280
Federal Home Loan Mortgage Corporation	Less than 1	2,070,624
Federal Home Loan Mortgage Corporation	1 to 5	500,000
Federal Farm Credit Bank	1 to 5	2,242,235
Federal Home Loan Bank	Less than 1	1,435,110
Federal Home Loan Bank	1 to 5	<u>1,883,900</u>
Total deposits and investments		<u><u>\$46,026,262</u></u>

Deposits:

Custodial credit risk is the risk that, in the event of bank failure, the Service Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Service Center. Demand deposits were covered by the Federal Deposit Insurance Corporation or collateralized with the financial institution's collateral pool.

Stark County Schools Council of Governments
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT - (Continued)

Investments:

Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank and Federal Home Loan Bank investments are held in book-entry form by the Federal Reserve, in the name of the Service Center's financial institution. The financial institution maintains records identifying the Service Center as the owner of these securities. Disclosures regarding investments of the Service Center are as follows:

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Service Center's investment policy limits investment portfolio maturities to five years or less.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Service Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal government agency securities and repurchase agreement are held by the counterparty's trust department or agent but not in the Service Center's name and therefore are exposed to custodial credit risk. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The Service Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk: The Service Center's federal government agency securities and the federal agency securities that underlie the repurchase agreement were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Money markets are rated AAAM by Standard & Poor's.

NOTE 4 - BUDGETARY ACTIVITY

Budgetary activity for the year ended June 30, 2008 is as follows:

<u>2008 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise	\$ 125,360,000	\$ 136,864,230	\$ 11,504,230

<u>2008 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Enterprise	\$ 125,394,988	\$ 125,048,970	\$ 346,018

NOTE 5 - RELATED PARTY TRANSACTIONS

In consideration for its services, the Service Center, as fiscal agent, may receive a fee from the Council in such an amount as approved by the Council Assembly. During the fiscal year ended June 30, 2008, \$191,007 of such fees was paid to the Service Center by the Council.

Stark County Schools Council of Governments

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 6 - RISK MANAGEMENT

The Council contracts with two third party administrators, Medical Mutual of Ohio and Aultcare, to process and pay health benefit claims incurred by its members. Payments are made by members to the Council for monthly health insurance premiums, monthly stop-loss premium and administrative charges. During fiscal year 2008, the Council purchased specific stop-loss coverage of \$250,000 per individual and a maximum aggregate stop-loss coverage liability of \$120,939,556. The Council Treasurer makes monthly payments to the third party administrators for stop-loss premiums and administrative charges incurred on behalf of Council members. Any rate increases/decreases from the stop-loss insurance carrier are passed on to Council participants through their individual participation rates negotiated with the stop-loss insurance carrier. All new members of the Council are required to maintain a 30% reserve balance within three years of joining.

The Council reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities at June 30 (latest information available):

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash and investments	\$ 46,026,262	\$ 34,211,002	\$ 22,630,345
Actuarial liabilities	10,652,000	10,460,000	9,510,000

The Council also contracts with Caremark, Inc. (Caremark) for prescription drug services. The Council pays Caremark for administrative services. Caremark then forwards all prescription drug claim activity to the respective benefit plan provider who, in turn, credits individual policies for claims processed.

NOTE 6 - RISK MANAGEMENT - (Continued)

The Council also contracts with Comp Management, Inc. to provide workers' compensation benefits at a reduced pool rate for its members. The experience rating of each participating member is calculated as one experience rate and applied to all participants in the program.

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Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Stark County Schools Council of Governments
2100 38th Street, NW
Canton, Ohio 44709

We have audited the financial statements of the business-type activities of the Stark County Schools Council of Governments, Stark County, Ohio (the Council) as of and for the year ended June 30, 2008, which collectively comprise the Council's basic financial statements and have issued our report thereon dated December 31, 2008. 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 expressing our opinions on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in 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 the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Council's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

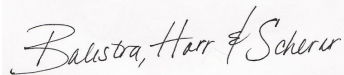
A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Council's internal control will not prevent or detect a material financial statement misstatement.

Our 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 internal control deficiencies that might be 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*.

We intend this report solely for the information and use of management and the Board of Directors. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
December 31, 2008



Mary Taylor, CPA
Auditor of State

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

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 3, 2009**