



**Auditor of State  
Betty Montgomery**



**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE  
ATHENS COUNTY**

**TABLE OF CONTENTS**

| <b>TITLE</b>  | <b>PAGE</b> |
|---|-------------|
| Independent Accountants' Report.....  | 1           |
| Combined Statement of Cash Receipts, Cash Disbursements, and<br>Changes in Fund Cash Balances – All Proprietary and Fiduciary<br>Fund Types – For the Year Ended June 30, 2004..... | 3           |
| Statement of Cash Receipts, Cash Disbursements, and Changes in Fund<br>Cash Balance – Governmental Fund Type<br>For the Year Ended June 30, 2003.....                               | 4           |
| Combined Statement of Cash Receipts, Cash Disbursements, and<br>Changes in Fund Cash Balances – All Proprietary and Fiduciary<br>Fund Types – For the Year Ended June 30, 2003..... | 5           |
| Notes to the Financial Statements .....   | 7           |
| Independent Accountants' Report on Compliance and on<br>Internal Control Required by <i>Government Auditing Standards</i> .....   | 13          |

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Southeastern Ohio Voluntary Education Cooperative  
Athens County  
221 N. Columbus Road  
Athens, Ohio 45701

To the Governing Board:

We have audited the accompanying financial statements of the Southeastern Ohio Voluntary Education Cooperative, Athens County, Ohio (SEOVEC), as of and for the years ended June 30, 2004 and 2003. These financial statements are the responsibility of SEOVEC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 discussed in Note 1, SEOVEC prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Southeastern Ohio Voluntary Education Cooperative, Athens County, as of June 30, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2004 on our consideration of SEOVEC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Governing Board, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 28, 2004

**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2004**

|   | <u>Proprietary<br/>Fund Type</u> | <u>Fiduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|----------------------------------|--------------------------------|---|
|   | <u>Internal<br/>Service</u>      | <u>Agency</u>                  |   |
| <b>Operating Cash Disbursements:</b>      |                                  |                                |   |
| Personal Services - Salaries              | \$ 509,027                       | \$                             | \$ 509,027                              |
| Employees' Retirement and Insurance       | 221,283                          |                                | 221,283                                 |
| Purchased Services                        | 1,374,996                        |                                | 1,374,996                               |
| Supplies and Materials                    | 30,379                           |                                | 30,379                                  |
| Capital Outlay                            | 47,593                           |                                | 47,593                                  |
| Capital Outlay - Replacement              | 13,403                           |                                | 13,403                                  |
| Other Objects                             | 13,274                           |                                | 13,274                                  |
| <b>Total Operating Cash Disbursements</b> | <u>2,209,955</u>                 | <u>0</u>                       | <u>2,209,955</u>                        |
| Operating Income/(Loss)                   | <u>(2,209,955)</u>               | <u>0</u>                       | <u>(2,209,955)</u>                      |
| <b>Non-Operating Cash Receipts:</b>       |                                  |                                |   |
| Earnings on Investments                   | 7,838                            |                                | 7,838                                   |
| Miscellaneous                             | 875,573                          |                                | 875,573                                 |
| Intermediate Sources:                     |                                  |                                |   |
| Restricted Grants-in-Aid                  | 858,262                          |                                | 858,262                                 |
| State Sources:                            |                                  |                                |   |
| Restricted Grants-in-Aid                  | 39,455                           |                                | 39,455                                  |
| On Behalf of School District              | 341,557                          |                                | 341,557                                 |
| Refund of Prior Years Expenditures        | 398                              |                                | 398                                     |
| <b>Total Non-Operating Cash Receipts</b>  | <u>2,123,083</u>                 | <u>0</u>                       | <u>2,123,083</u>                        |
| Net Income/(Loss)                         | <u>(86,872)</u>                  | <u>0</u>                       | <u>(86,872)</u>                         |
| Fund Cash Balances, July 1                | <u>736,317</u>                   | <u>60,886</u>                  | <u>797,203</u>                          |
| <b>Fund Cash Balances, June 30</b>        | <u><b>\$ 649,445</b></u>         | <u><b>\$ 60,886</b></u>        | <u><b>\$ 710,331</b></u>                |
| Reserve for Encumbrances, June 30         | <u><u>\$ 32,260</u></u>          | <u><u>\$ 0</u></u>             | <u><u>\$ 32,260</u></u>                 |

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

**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE  
ATHENS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2003**

|  | <b>Governmental<br/>Fund Type</b> |
|--|-----------------------------------|
|  | <b>Special<br/>Revenue</b>        |
| <b>Other Financing Receipts/(Disbursements):</b> |                                   |
| Transfers-Out                                    | \$ (5,022)                        |
| Total Other Financing Receipts/(Disbursements)   | (5,022)                           |
| Fund Cash Balance, July 1                        | 5,022                             |
| <b>Fund Cash Balance, June 30</b>                | <b>\$ 0</b>                       |

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



**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2003**

|   | <u>Proprietary<br/>Fund Type</u> | <u>Fiduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|----------------------------------|--------------------------------|---|
|   | <u>Internal<br/>Service</u>      | <u>Agency</u>                  |   |
| <b>Operating Cash Disbursements:</b>  |                                  |                                |   |
| Personal Services - Salaries  | \$ 468,759                       | \$                             | \$ 468,759                              |
| Employees' Retirement and Insurance   | 190,783                          |                                | 190,783                                 |
| Purchased Services  | 1,315,235                        |                                | 1,315,235                               |
| Supplies and Materials  | 70,540                           |                                | 70,540                                  |
| Capital Outlay  | 203,692                          |                                | 203,692                                 |
| Capital Outlay - Replacement  | 9,661                            |                                | 9,661                                   |
| Other Objects   | 26,381                           |                                | 26,381                                  |
| Total Operating Cash Disbursements  | <u>2,285,051</u>                 | <u>0</u>                       | <u>2,285,051</u>                        |
| Operating Income/(Loss)   | <u>(2,285,051)</u>               | <u>0</u>                       | <u>(2,285,051)</u>                      |
| <b>Non-Operating Cash Receipts:</b>   |                                  |                                |   |
| Earnings on Investments   | 13,117                           |                                | 13,117                                  |
| Miscellaneous   | 951,937                          | 32,570                         | 984,507                                 |
| Intermediate Sources:   |                                  |                                |   |
| Restricted Grants-in-Aid  | 779,469                          |                                | 779,469                                 |
| State Sources:  |                                  |                                |   |
| Restricted Grants-in-Aid  | 187,985                          |                                | 187,985                                 |
| On Behalf of School District  | 338,729                          |                                | 338,729                                 |
| Refund of Prior Years Expenditures  | 8,418                            |                                | 8,418                                   |
| Total Non-Operating Cash Receipts   | <u>2,279,655</u>                 | <u>32,570</u>                  | <u>2,312,225</u>                        |
| Excess of Cash Receipts Over/(Under) Cash Disbursements<br>Before Interfund Transfers | <u>(5,396)</u>                   | <u>32,570</u>                  | <u>27,174</u>                           |
| Operating Transfers-In  | 143,416                          |                                | 143,416                                 |
| Operating Transfers-Out   | <u>(138,394)</u>                 |                                | <u>(138,394)</u>                        |
| Net Excess of Receipts Over/Under Disbursements                                       | (374)                            | 32,570                         | 32,196                                  |
| Fund Cash Balances, July 1  | <u>736,691</u>                   | <u>28,316</u>                  | <u>765,007</u>                          |
| <b>Fund Cash Balances, June 30</b>  | <b><u>\$ 736,317</u></b>         | <b><u>\$ 60,886</u></b>        | <b><u>\$ 797,203</u></b>                |
| Reserve for Encumbrances, June 30   | <u>\$ 50,375</u>                 | <u>\$ 0</u>                    | <u>\$ 50,375</u>                        |

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

**This page intentionally left blank.**

**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Southeastern Ohio Voluntary Education Cooperative, Athens County (SEOVEC), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. SEOVEC is a regional council of governments as defined by the Ohio Revised Code Chapter 167, established by and for the boards of education of local, city, exempted village, county, joint vocational school districts, and other related educational institutions located in the 8 counties of Athens, Gallia, Hocking, Jackson, Meigs, Morgan, Perry, and Washington. SEOVEC has thirty member school districts and four educational service centers. SEOVEC operates under a governing board of eight (8) members and is an agency voluntarily created by the school districts and provides fiscal services including fund accounting, inventory control, and payroll services. SEOVEC also provides non-fiscal services including attendance reporting, educational management information systems, standardized testing, special education records, and vehicle information systems. SEOVEC currently has 14 full-time and 1 part-time employees.

Management believes these financial statements present all activities for which SEOVEC is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The SEOVEC Treasurer invests all available funds of SEOVEC in interest-bearing checking accounts.

**D. Fund Accounting**

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

**1. Special Revenue Fund**

The Special Revenue Fund is used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. SEOVEC had the following Special Revenue Fund:

*E-Rate Fund* – This fund received monies from telecommunication providers through the Telecommunications Act. During 2003, the fund was reclassified to an Internal Service Fund.

**SOUTHEASTERN OHIO VOUNTARY EDUCATION COOPERATIVE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Internal Service Funds**

The Internal Service Funds are used to account for the financing or services provided by one department or agency to other departments or agencies on a cost-reimbursement basis. SEOVEC had the following Internal Service Funds:

*Basic Services Fund* – This fund is used to account for user fees received to support general operating services, such as fiscal and administrative services.

*Computer Network Fund* – This fund is used to account for user fees and state support received for computer network operations, including maintenance, repair and replacement of computer systems. This fund also accounts for activity of the Education Management Information System.

*E-Rate Fund* – This fund receives monies from telecommunication providers through the Telecommunications Act.

**3. Fiduciary Fund Type**

Funds for which SEOVEC is acting in an agency capacity are classified as Agency Funds. SEOVEC had the following Agency Fund:

*Insurance Fund* – This fund accounts for the cash balance held in escrow as a result of former insurance activities of SEOVEC.

**E. Budgetary Process**

A budget of estimated cash receipts and disbursements is submitted to the Governing Board by May 30 of each year, for the subsequent year.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments.

**2. Encumbrances**

SEOVEC uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other obligations are recorded as the equivalent of disbursements on the budget basis in order to reserve that portion of the applicable appropriations.

**3. Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**SOUTHEASTERN OHIO VOUNTARY EDUCATION COOPERATIVE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under SEOVEC's basis of accounting.

**2. EQUITY IN POOLED CASH**

SEOVEC maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at June 30 was as follows:

|                 | 2004       | 2003       |
|-----------------|------------|------------|
| Demand deposits | \$ 710,331 | \$ 797,203 |

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending June 30, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

|                  | Budgeted<br>Receipts | Actual<br>Receipts | Variance     |
|------------------|----------------------|--------------------|--------------|
| Internal Service | \$ 2,361,650         | \$ 2,123,083       | \$ (238,567) |

2004 Budgeted vs. Actual Receipts

|                  | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
|------------------|----------------------|--------------------|------------|
| Internal Service | \$ 2,749,811         | \$ 2,242,215       | \$ 507,596 |

2003 Budgeted vs. Actual Receipts

|                  | Budgeted<br>Receipts | Actual<br>Receipts | Variance     |
|------------------|----------------------|--------------------|--------------|
| Internal Service | \$ 2,621,795         | \$ 2,423,071       | \$ (198,724) |
| Agency           | 0                    | 32,570             | 32,570       |
| Total            | \$ 2,621,795         | \$ 2,455,641       | \$ (166,154) |

**SOUTHEASTERN OHIO VOUNTARY EDUCATION COOPERATIVE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

| 2003 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| Special Revenue                                       | \$ 5,022                   | \$ 5,022                  | \$ 0       |
| Internal Service                                      | 3,359,367                  | 2,473,820                 | 885,547    |
| Total   | \$ 3,364,389               | \$ 2,478,842              | \$ 885,547 |

**4. LEASE-PURCHASE AGREEMENTS**

SEOVEC entered into lease-purchase agreements in connection with obtaining computer equipment. The following represents amounts outstanding on the lease-purchases as of June 30, 2004:

|                                 | Principal  | Interest Rate |
|---------------------------------|------------|---------------|
| Key Muncpal Finance             | \$ 55,227  | 3.81%         |
| Key Muncpal Finance             | 38,788     | 4.57%         |
| Xerox                           | 10,603     | 5.20%         |
| SBC Capital Servcies            | 212,263    | 3.25%         |
| Total Lease-Purchase Agreements | \$ 316,881 |               |

The lease-purchase agreements are collateralized by the equipment. Revenues of SEOVEC are pledged to repay these agreements.

Amortization of the lease-purchase agreements, including interest, is scheduled as follows:

| Year Ending<br>June 30: | Key<br>Municipal<br>Finance | Key<br>Municipal<br>Finance | SBC<br>Capital<br>Servcies | Xerox     | Total      |
|-------------------------|-----------------------------|-----------------------------|----------------------------|-----------|------------|
| 2005                    | \$ 56,279                   | \$ 39,382                   | \$ 98,213                  | \$ 3,471  | \$ 197,345 |
| 2006                    |                             |                             | 98,213                     | 3,471     | 101,684    |
| 2007                    |                             |                             | 24,355                     | 3,471     | 27,826     |
| 2008                    |                             |                             |                            | 868       | 868        |
| Total                   | \$ 56,279                   | \$ 39,382                   | \$ 220,781                 | \$ 11,281 | \$ 327,723 |

**5. RETIREMENT SYSTEM**

SEOVEC contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code.

Plan members are required to contribute 9% and 10% of their annual covered salary for 2003 and 2004, respectively, and SEOVEC is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established, and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. SEOVEC has paid all required contributions for the years ended June 30, 2004 and 2003.

**SOUTHEASTERN OHIO VOUNTARY EDUCATION COOPERATIVE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)**

**6. RISK MANAGEMENT**

SEOVEC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the years ending June 30, 2004 and 2003, SEOVEC contracted with Indiana Insurance and Harcum-Hyre for property, vehicle, officials' liability, general liability and casualty insurance.

**7. EMPLOYEE BENEFITS**

**A. Other Employee Benefits**

SEOVEC provides health and major insurance for all eligible employees through Medical Mutual of Ohio Insurance Company. SEOVEC paid up to \$1,225.72 for family coverage and up to \$415.27 for single coverage during 2004. SEOVEC paid up to \$1,267.38 for family coverage and up to \$434.84 for single coverage during 2003.

SEOVEC provides life insurance and accidental death and dismemberment insurance to employees through CoreSource in the amount equal to the employee's salary, \$80,000 for the Director of Computer Services and \$60,000 for the Assistant Director of Computer Services. The monthly premium is \$0.30 per \$1,000 of coverage.

Dental coverage is provided through CoreSource. Premiums for this coverage were \$45.50 per month during 2004 and \$43.75 per month during 2003 for family and individual coverage. SEOVEC also provides vision insurance to its employees through the Vision Service Plan. The monthly premium for this coverage was \$20.84 during 2004 and \$20.95 during 2003 for family and individual coverage.

**B. Deferred Compensation**

SEOVEC employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with the Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**8. CONTINGENCIES**

**A. Grants**

SEOVEC received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of SEOVEC at June 30, 2004 and 2003.

**B. Litigation**

There are currently no matters in litigation with SEOVEC as defendant.

**This page intentionally left blank.**





## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Southeastern Ohio Voluntary Education Cooperative  
Athens County  
221 N. Columbus Road  
Athens, Ohio 45701

To the Governing Board:

We have audited the financial statements of the Southeastern Ohio Voluntary Education Cooperative, Athens County, Ohio (SEOVEC), as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated September 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether SEOVEC's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to SEOVEC's management in a separate letter dated September 28, 2004.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered SEOVEC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to SEOVEC's management in a separate letter dated September 28, 2004.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Southeastern Ohio Voluntary Education Cooperative  
Athens County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 28, 2004



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE  
ATHENS 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  
NOVEMBER 16, 2004**