

**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE
ATHENS COUNTY**

***FINANCIAL STATEMENT
(AUDITED)***

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2012 AND JUNE 30, 2011**

STACY BOLDEN, TREASURER



Dave Yost • Auditor of State

Governing Board
Southeastern Ohio Voluntary Education Cooperative
221 Columbus Road
Athens, Ohio 45701

We have reviewed the *Independent Accountants' Report* of the Southeastern Ohio Voluntary Education Cooperative, Athens County, prepared by Julian & Grube, Inc., for the audit period July 1, 2010 through June 30, 2012. 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 Accountants' 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 Accountants' 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 Southeastern Ohio Voluntary Education Cooperative is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

April 9, 2013

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**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE
ATHENS COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report

Southeastern Ohio Voluntary Education Cooperative
Athens County
221 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, as of and for the fiscal years ended June 30, 2012 and June 30, 2011. These financial statements are the responsibility of the Southeastern Ohio Voluntary Education Cooperative'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 1, the Southeastern Ohio Voluntary Education Cooperative 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 Southeastern Ohio Voluntary Education Cooperative's larger (i.e. major) funds separately. While the Southeastern Ohio Voluntary Education Cooperative 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 Southeastern Ohio Voluntary Education Cooperative 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 fiscal years ended June 30, 2012 and June 30, 2011, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Southeastern Ohio Voluntary Education Cooperative, Athens County, Ohio, as of June 30, 2012 and June 30, 2011, or its changes in financial position or cash flows for the fiscal years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances as of June 30, 2012 and 2011 of the Southeastern Ohio Voluntary Education Cooperative, Athens County, Ohio, and its combined cash receipts and disbursements for the fiscal years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2013, on our consideration of the Southeastern Ohio Voluntary Education Cooperative'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 cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
January 11, 2013

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 FISCAL YEAR ENDED JUNE 30, 2012

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Internal Service	Agency	
Operating Cash Receipts			
Member District Fees	\$ 1,094,341	\$ -	\$ 1,094,341
Total Operating Cash Receipts	<u>1,094,341</u>	<u>-</u>	<u>1,094,341</u>
Operating Cash Disbursements:			
Salaries	586,960	-	586,960
Employee Fringe Benefits	253,227	-	253,227
Purchased and Contracted Services	970,283	-	970,283
Supplies and Materials	29,376	-	29,376
Other	22,263	-	22,263
Total Operating Cash Disbursements	<u>1,862,109</u>	<u>-</u>	<u>1,862,109</u>
Operating Income (Loss)	<u>(767,768)</u>	<u>-</u>	<u>(767,768)</u>
Non-Operating Cash Receipts (Disbursements):			
Intergovernmental - State Receipts	1,015,780	-	1,015,780
Refund of Prior Year Receipts	14,649	-	14,649
Capital Outlay	(63,996)	-	(63,996)
Total Non-Operating Cash Receipts (Disbursements)	<u>966,433</u>	<u>-</u>	<u>966,433</u>
Excess of Cash Receipts Over/(Under) Disbursements	<u>198,665</u>	<u>-</u>	<u>198,665</u>
Transfers In	5,164	-	5,164
Transfers Out	(5,164)	-	(5,164)
Net Excess of Receipts Over/(Under) Disbursements	198,665	-	198,665
Fund Cash Balances, July 1	<u>321,648</u>	<u>71,120</u>	<u>392,768</u>
Fund Cash Balances, June 30	<u>\$ 520,313</u>	<u>\$ 71,120</u>	<u>\$ 591,433</u>
Reserve for Encumbrances, June 30	<u>\$ 44,990</u>	<u>\$ -</u>	<u>\$ 44,990</u>

The accompanying 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 FISCAL YEAR ENDED JUNE 30, 2011

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Internal Service	Agency	
Operating Cash Receipts			
Member District Fees	\$ 1,184,214	\$ -	\$ 1,184,214
Total Operating Cash Receipts	<u>1,184,214</u>	<u>-</u>	<u>1,184,214</u>
Operating Cash Disbursements:			
Salaries	629,150	-	629,150
Employee Fringe Benefits	309,698	-	309,698
Purchased and Contracted Services	1,172,759	-	1,172,759
Supplies and Materials	34,377	1,680	36,057
Other	45,644	-	45,644
Total Operating Cash Disbursements	<u>2,191,628</u>	<u>1,680</u>	<u>2,193,308</u>
Operating Income (Loss)	<u>(1,007,414)</u>	<u>(1,680)</u>	<u>(1,009,094)</u>
Non-Operating Cash Receipts (Disbursements):			
Intergovernmental - State Receipts	1,056,136	-	1,056,136
Capital Outlay	(17,211)	-	(17,211)
Total Non-Operating Cash Receipts (Disbursements)	<u>1,038,925</u>	<u>-</u>	<u>1,038,925</u>
Excess of Cash Receipts Over/(Under) Disbursements	<u>31,511</u>	<u>(1,680)</u>	<u>29,831</u>
Fund Cash Balances, July 1	<u>290,137</u>	<u>72,800</u>	<u>362,937</u>
Fund Cash Balances, June 30	<u>\$ 321,648</u>	<u>\$ 71,120</u>	<u>\$ 392,768</u>
Reserve for Encumbrances, June 30	<u>\$ 44,630</u>	<u>\$ -</u>	<u>\$ 44,630</u>

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

**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011**

NOTE 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 within the eight counties of Athens, Gallia, Hocking, Jackson, Meigs, Morgan, Perry and Washington. SEOVEC operates under a Governing Board of eight members and is an agency voluntarily created by the school districts. SEOVEC 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 reports, and vehicle information systems.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. 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 the Auditor of State prescribes or permits.

C. Cash

SEOVEC invests all available funds in an interest bearing checking account.

D. Fund Accounting

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

Internal Service Funds

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.

**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Fiduciary Funds

Fiduciary funds are funds for which SEOVEC is acting in an agency capacity. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. SEOVEC disburses these funds as directed by the individual, organization or other government. 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 or function level of control and appropriations may not exceed estimated resources. The Governing 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 the 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. A summary of 2012 and 2011 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded 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.

**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE
ATHENS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

NOTE 2 - EQUITY IN POOLED CASH

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

	2012	2011
Demand Deposits	\$ 591,433	\$ 392,768

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Internal Service	\$ 2,149,605	\$ 2,129,934	\$ (19,671)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Internal Service	\$ 2,175,808	\$ 1,931,269	\$ 244,539

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Internal Service	\$ 2,386,870	\$ 2,240,350	\$ (146,520)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Internal Service	\$ 2,283,444	\$ 2,208,839	\$ 74,605

**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE
ATHENS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

NOTE 4 - LEASE PURCHASE AGREEMENTS

SEOVEC entered into lease-purchase agreements in connection with obtaining computer equipment. The following represents amounts outstanding at June 30, 2012:

	Principal	Interest Rate
Key Municipal Finance	\$ 48,657	4.86%
Kansas State Bank of Manhattan	168,300	3.709%
Total	\$ 216,957	

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

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

Year Ending June 30,	Kansas State Bank of Manhattan 3.709%	Key Municipal Finance 4.86%
2013	\$ 60,524	\$ 49,550
2014	60,524	-
2015	60,524	-
Total	\$ 181,572	\$ 49,550

NOTE 5 - RETIREMENT SYSTEM

A. Pension Plans

Plan Description - SEOVEC contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current SEOVEC rate is 14 percent of annual covered payroll. A portion of SEOVEC's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. SEOVEC has paid all required contributions for the fiscal years ended June 30, 2012 and 2011.

**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE
ATHENS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

NOTE 5 - RETIREMENT SYSTEM - (Continued)

B. Postemployment Benefits

Plan Description - SEOVEC participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012 and 2011, 0.55 and 1.43 percent of covered payroll was allocated to health care, respectively. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012 and 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012 and 2011, this actuarially required allocation was 0.75 and 0.76 percent of covered payroll, respectively.

SEOVEC has paid all required contributions for the fiscal years ended June 30, 2012 and 2011.

**SOUTHEASTERN OHIO VOLUNTARY EDUCATION COOPERATIVE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011**

NOTE 6 - RISK MANAGEMENT

Commercial Insurance

SEOVEC has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

NOTE 7 - EMPLOYEE BENEFITS

A. Other Employee Benefits

SEOVEC provides health and major insurance for all eligible employees through United Health Care Insurance Company (beginning April, 2006). Premiums are dependent on each employee's age, the age of their spouse and number of dependent children covered. Premiums ranged from \$515 to \$2,033 from July 1, 2010 through March 31, 2011, \$409 to \$1,614 from April 1, 2011 through March 31, 2012, and \$342 to \$1,462 from April 1, 2012 through June 30, 2012.

SEOVEC provides life insurance and accidental death and dismemberment insurance to employees through Metropolitan Education Cooperative (MEC) 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 was \$.07 per \$1,000 of coverage until January 2012 and subsequently increased to \$.08 per \$1,000 of coverage.

Dental Coverage is provided through the SEOVEC Dental Consortium, administered by CoreSource. Premiums for this coverage were \$63.32 per month during 2012 and \$65.28 per month during 2011 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 \$22.65 during 2012 and \$21.78 during 2011 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.

NOTE 8 - CONTINGENCIES

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 SEOVEC. 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, 2012 and 2011.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

Southeastern Ohio Voluntary Education Cooperative
Athens County
221 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, as of and for the fiscal years ended June 30, 2012 and June 30, 2011, and have issued our report thereon dated January 11, 2013, wherein we noted the Southeastern Ohio Voluntary Education Cooperative followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Southeastern Ohio Voluntary Education Cooperative'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 Southeastern Ohio Voluntary Education Cooperative's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Southeastern Ohio Voluntary Education Cooperative'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 Southeastern Ohio Voluntary Education Cooperative's financial statement 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 to be material weaknesses, as defined above.

Governing Board
Southeastern Ohio Voluntary Education Cooperative

Compliance and Other Matters

As part of reasonably assuring whether the Southeastern Ohio Voluntary Education Cooperative'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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Southeastern Ohio Voluntary Education Cooperative's management in a separate letter dated January 11, 2013.

We intend this report solely for the information and use of the Governing Board and management of the Southeastern Ohio Voluntary Education Cooperative. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
January 11, 2013



Dave Yost • Auditor of State

SOUTHERN 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
APRIL 23, 2013**