

**CLERMONT COUNTY
EDUCATIONAL SERVICE
CENTER**

General-Purpose Financial Statements
June 30, 1999 and 1998
With Supplementary Information
With Single Audit Section

Olive

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CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

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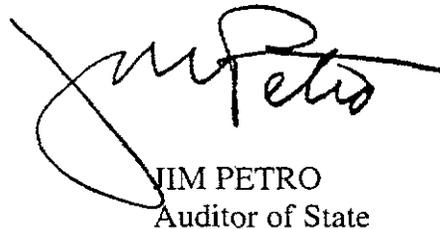
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OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Governing Board of the
Clermont County Educational Service Center
Batavia, Ohio

We have reviewed the independent auditor's report of the Clermont County Educational Service Center, Clermont County, prepared by Olive LLP, for the audit period July 1, 1998 through June 30, 1999. 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 Clermont County Educational Service Center is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

December 28, 1999



Independent Auditor's Report

Governing Board of the
Clermont County Educational Service Center
Batavia, Ohio

We have audited the accompanying general-purpose financial statements of Clermont County Educational Service Center (Center) as of June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. The financial statements as of June 30, 1998, were audited by Aronowitz, Chaiken & Hardesty, L.L.P., who merged with Olive LLP as of October 1, 1999 and whose report dated October 29, 1998 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards 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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the 1999 general-purpose financial position of Clermont County Educational Service Center as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 1999 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Clermont County Educational Service Center taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

The information on Page 48 is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Olive LLP

Cincinnati, Ohio
October 19, 1999

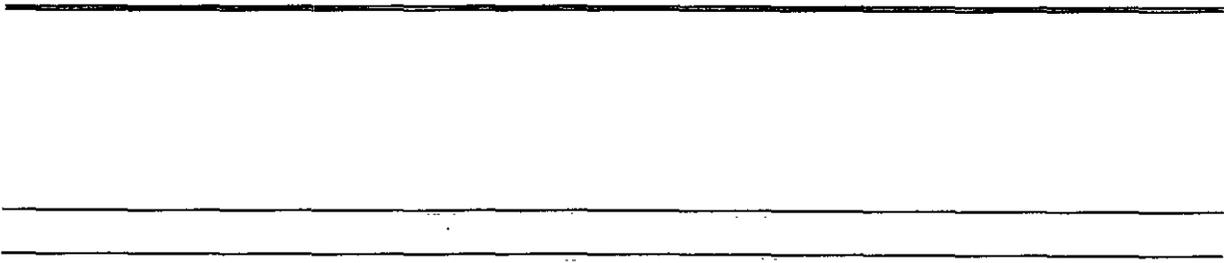
CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

**COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS**

As of June 30, 1999

	<u>Governmental</u>		<u>Proprietary</u>
	<u>Fund Types</u>		<u>Fund Types</u>
	<u>General</u>	<u>Special</u>	<u>Enterprise</u>
		<u>Revenue</u>	
ASSETS AND OTHER DEBITS			
Assets:			
Equity in pooled cash and investments.....	2,349,016	56,855	4,939
Receivables:			
Accounts.....	399,529		
Intergovernmental.....	34,563		1,532
Fixed assets (Net, where applicable, of accumulated depreciation).....			
Other Debits:			
Amount to be provided for retirement of general long-term obligations.....			
TOTAL ASSETS AND OTHER DEBITS.....	<u>2,783,108</u>	<u>56,855</u>	<u>6,471</u>

See notes to financial statements.



<u>Account Groups</u>		Totals
General	General	(Memorandum
<u>Fixed Assets</u>	<u>Long-Term</u>	<u>Only)</u>
	<u>Obligations</u>	
		2,410,810
		399,529
		36,095
469,400		469,400
<u> </u>	<u>249,705</u>	<u>249,705</u>
<u>469,400</u>	<u>249,705</u>	<u>3,565,539</u>

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

**COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS**

As of June 30, 1999

	<u>Governmental</u> <u>Fund Types</u>		<u>Proprietary</u> <u>Fund Types</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Enterprise</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts payable.....	28,917	994	
Accrued wages and benefits.....	1,002,819	24,042	
Compensated absences payable.....	<u>14,458</u>		
TOTAL LIABILITIES.....	<u>1,046,194</u>	<u>25,036</u>	
Fund Equity And Other Credits:			
Investment in general fixed assets.....			
Retained earnings:			
Unreserved.....			6,471
Fund balance:			
Reserved for encumbrances.....	50,139	5,728	
Unreserved and undesignated.....	<u>1,686,775</u>	<u>26,091</u>	
TOTAL FUND EQUITY AND OTHER			
 CREDITS.....	<u>1,736,914</u>	<u>31,819</u>	<u>6,471</u>
TOTAL LIABILITIES, FUND EQUITY			
 AND OTHER CREDITS.....	<u>2,783,108</u>	<u>56,855</u>	<u>6,471</u>

See notes to financial statements.

<u>Account Groups</u>		
<u>General</u> <u>Fixed Assets</u>	<u>General</u> <u>Long-Term</u> <u>Obligations</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
		29,911
		1,026,861
	<u>249,705</u>	<u>264,163</u>
	<u>249,705</u>	<u>1,320,935</u>
469,400		469,400
		6,471
		55,867
		1,712,866
<u>469,400</u>		<u>2,244,604</u>
<u>469,400</u>	<u>249,705</u>	<u>3,565,539</u>

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

**COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS**

As of June 30, 1998

	<u>Governmental</u> <u>Fund Types</u>		<u>Proprietary</u> <u>Fund Types</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Enterprise</u>
ASSETS AND OTHER DEBITS			
Assets:			
Equity in pooled cash and investments.....	1,854,732	113,435	2,806
Receivables:			
Accounts.....	172,043		
Intergovernmental.....		55,949	1,272
Fixed assets (Net, where applicable, of accumulated depreciation).....			
Other Debits:			
Amount to be provided for retirement of general long-term obligations.....			
TOTAL ASSETS AND OTHER DEBITS	<u>2,026,775</u>	<u>169,384</u>	<u>4,078</u>

See notes to financial statements.

<u>Account Groups</u>		<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
<u>General</u> <u>Fixed Assets</u>	<u>General</u> <u>Long-Term</u> <u>Obligations</u>	
		1,970,973
		172,043
		57,221
341,011		341,011
	<u>222,286</u>	<u>222,286</u>
<u>341,011</u>	<u>222,286</u>	<u>2,763,534</u>

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

**COMBINED BALANCE SHEET –
ALL FUND TYPES AND ACCOUNT GROUPS**

As of June 30, 1998

	<u>Governmental</u> <u>Fund Types</u>		<u>Proprietary</u> <u>Fund Types</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Enterprise</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts payable.....	26,741	43,942	
Accrued wages and benefits.....	633,679	2,692	
Compensated absences payable.....	<u>15,983</u>		
TOTAL LIABILITIES.....	<u>676,403</u>	<u>46,634</u>	
Fund Equity And Other Credits:			
Investment in general fixed assets.....			
Retained earnings:			
Unreserved.....			4,078
Fund balance:			
Reserved for encumbrances.....	6,534	4,246	
Unreserved and undesignated.....	<u>1,343,838</u>	<u>118,504</u>	
TOTAL FUND EQUITY AND OTHER			
 CREDITS.....	<u>1,350,372</u>	<u>122,750</u>	<u>4,078</u>
TOTAL LIABILITIES, FUND EQUITY			
 AND OTHER CREDITS.....	<u>2,026,775</u>	<u>169,384</u>	<u>4,078</u>

See notes to financial statements.

<u>Account Groups</u>		
<u>General</u> <u>Fixed Assets</u>	<u>General</u> <u>Long-Term</u> <u>Obligations</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
		70,683
		636,371
	<u>222,286</u>	<u>238,269</u>
	<u>222,286</u>	<u>945,323</u>
341,011		341,011
		4,078
		10,780
		<u>1,462,342</u>
<u>341,011</u>		<u>1,818,211</u>
<u>341,011</u>	<u>222,286</u>	<u>2,763,534</u>

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the year ended June 30, 1999

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Revenues:			
Intergovernmental	2,689,486	382,211	3,071,697
Investment	97,651		97,651
Tuition and fees	<u>6,218,148</u>		<u>6,218,148</u>
TOTAL REVENUES.....	<u>9,005,285</u>	<u>382,211</u>	<u>9,387,496</u>
Expenditures:			
Current:			
Instruction:			
Regular	331,040		331,040
Special	3,282,368	1,856	3,284,224
Other	57,171	102,844	160,015
Support Services:			
Pupils	2,232,720		2,232,720
Instructional staff	2,146,991	295,978	2,442,969
Board of Education	41,297		41,297
Administration	255,424		255,424
Fiscal	149,232	3,430	152,662
Operation and maintenance of plant	9,517		9,517
Central	99,175	61,402	160,577
Non-instructional services		<u>7,632</u>	<u>7,632</u>
TOTAL EXPENDITURES	<u>8,604,935</u>	<u>473,142</u>	<u>9,078,077</u>

See notes to financial statements.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES**

For the year ended June 30, 1999

	<u>Governmental</u> <u>Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Excess Of Revenues Over Expenditures	<u>400,350</u>	<u>(90,931)</u>	<u>309,419</u>
Other Financing Sources (Uses):			
Refund of prior year expenditures.....	1,192		1,191
Operating transfers out	<u>(15,000)</u>		<u>(15,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,808)</u>		<u>(13,808)</u>
Excess Of Revenues And Other Financing Sources Over Expenditures And Other Expenditures And Other Financing Uses.....	386,542	(90,931)	295,611
Fund Balance – Beginning of year	<u>1,350,372</u>	<u>122,750</u>	<u>1,473,122</u>
Fund Balance – End of year	<u>1,736,914</u>	<u>31,819</u>	<u>1,768,733</u>

See notes to financial statements.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES**

For the year ended June 30, 1998

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Revenues:			
Intergovernmental	4,291,492	425,741	4,717,233
Investment	61,532		61,532
Tuition and fees	3,082,679		3,082,679
Gifts and donations	10,000		10,000
TOTAL REVENUES	<u>7,445,703</u>	<u>425,741</u>	<u>7,871,444</u>
Expenditures:			
Current:			
Instruction:			
Regular	70,938		70,938
Special	2,756,028		2,756,028
Other	77,031	98,727	175,758
Support Services:			
Pupils	1,672,341	40,280	1,712,621
Instructional staff	1,760,125	168,117	1,928,242
Board of Education	54,234		54,234
Administration	212,547		212,547
Fiscal	105,208	1,108	106,316
Operation and maintenance of plant	11,382		11,382
Central	96,207	32,225	128,432
TOTAL EXPENDITURES	<u>6,816,041</u>	<u>340,457</u>	<u>7,156,498</u>

See notes to financial statements.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES**

For the year ended June 30, 1998

	<u>Governmental</u> <u>Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Excess Of Revenues Over Expenditures	<u>629,662</u>	<u>85,284</u>	<u>714,946</u>
Other Financing Sources (Uses):			
Refund of prior year expenditures.....	75,728		75,728
Refund of prior year receipts	-	(2,517)	(2,517)
Operating transfers out	<u>(5,000)</u>		<u>(5,000)</u>
TOTAL OTHER FINANCING SOURCES (USES).....	<u>70,728</u>	<u>(2,517)</u>	<u>68,211</u>
Excess Of Revenues And Other Financing Sources Over Expenditures And Other Expenditures And Other Financing Uses.....	700,390	82,767	783,157
Fund Balance – Beginning of year	<u>649,982</u>	<u>39,983</u>	<u>689,965</u>
Fund Balance – End of year	<u>1,350,372</u>	<u>122,750</u>	<u>1,473,122</u>

See notes to financial statements.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES**

For the year ended June 30, 1999

		<u>General</u>		
	<u>Revised</u>	<u>Actual</u>		<u>Variance</u>
	<u>Budget</u>		<u>Favorable</u>	<u>(Unfavorable)</u>
Revenues:				
Intergovernmental	2,654,922	2,654,922		
Investment	97,651	97,651		
Tuition and fees	<u>5,990,663</u>	<u>5,990,663</u>		
TOTAL REVENUES.....	<u>8,743,236</u>	<u>8,743,236</u>		
Expenditures:				
Current:				
Instruction:				
Regular	313,062	313,062		
Special	3,214,376	3,214,376		
Other	57,261	57,261		
Support Services:				
Pupils	2,119,533	2,119,533		
Instructional staff	2,042,408	2,042,408		
Board of Education	49,561	49,561		
Administration	250,534	250,534		
Fiscal	142,544	142,544		
Operation and maintenance of plant	7,177	7,177		
Central	93,063	93,063		
Non-instructional services				
TOTAL EXPENDITURES	<u>8,289,519</u>	<u>8,289,519</u>		

See notes to financial statements.

<u>Special Revenue</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
438,160	438,160	
<u>438,160</u>	<u>438,160</u>	
1,856	1,856	
103,701	103,701	
298,400	298,400	
4,538	4,538	
84,148	84,148	
<u>8,486</u>	<u>8,486</u>	
<u>501,129</u>	<u>501,129</u>	

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES

For the year ended June 30, 1999

	General		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Excess Of Revenues Over Expenditures	<u>453,717</u>	<u>453,717</u>	_____
Other Financing Sources (Uses):			
Refund of prior year expenditures	1,192	1,192	
Refund of prior year receipts			
Operating transfers out	<u>(15,000)</u>	<u>(15,000)</u>	_____
TOTAL OTHER FINANCING			
SOURCES (USES)	<u>(13,808)</u>	<u>(13,808)</u>	_____
Excess Of Revenues And Other Financing			
Sources Over Expenditures And Other			
Financing Uses	439,909	439,909	
Fund Balance - Beginning of year	1,840,786	1,840,786	
Prior Year Encumbrances	<u>13,945</u>	<u>13,945</u>	_____
Fund Balance - End of year	<u>2,294,640</u>	<u>2,294,640</u>	<u>0</u>

See notes to financial statements.

<u>Special Revenue</u>		
<u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>(62,969)</u>	<u>(62,969)</u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u>(62,969)</u>	<u>(62,969)</u>	<u> </u>
<u>100,232</u>	<u>100,232</u>	<u> </u>
<u>13,203</u>	<u>13,203</u>	<u> </u>
<u>50,466</u>	<u>50,466</u>	<u> 0</u>

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES

For the year ended June 30, 1998

	General		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Intergovernmental	4,291,492	4,291,492	
Investment	61,532	61,532	
Tuition and fees	3,393,783	3,393,783	
Gifts and donations	10,000	10,000	
TOTAL REVENUES	<u>7,756,807</u>	<u>7,756,807</u>	
Expenditures:			
Current:			
Instruction:			
Regular	68,296	68,296	
Special	2,747,833	2,747,833	
Other	79,667	79,667	
Support Services:			
Pupils	1,639,541	1,639,541	
Instructional staff	1,637,244	1,637,244	
Board of Education	55,318	55,318	
Administration	234,487	234,487	
Fiscal	104,855	104,855	
Operation and maintenance of plant	12,656	12,656	
Central	96,552	96,552	
TOTAL EXPENDITURES	<u>6,676,449</u>	<u>6,676,449</u>	

See notes to financial statements.

<u>Special Revenue</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
369,792	369,792	
<u>369,792</u>	<u>369,792</u>	
98,726	98,726	
41,139	41,139	
180,069	180,069	
1,118	1,118	
<u>9,479</u>	<u>9,479</u>	
<u>330,531</u>	<u>330,531</u>	

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES

For the year ended June 30, 1998

	<u>General</u>		Variance Favorable (Unfavorable)
	<u>Revised Budget</u>	<u>Actual</u>	
Excess Of Revenues Over Expenditures	<u>1,080,358</u>	<u>1,080,358</u>	<u>-</u>
Other Financing Sources (Uses):			
Refund of prior year expenditures.....	75,728	75,728	
Refund of prior year receipts	-	-	
Operating transfers out	<u>(5,000)</u>	<u>(5,000)</u>	
TOTAL OTHER FINANCING			
SOURCES (USES).....	<u>70,728</u>	<u>70,728</u>	
Excess Of Revenues And Other Financing			
 Sources Over Expenditures And Other			
 Financing Uses	1,151,086	1,151,086	
Fund Balance – Beginning of year	675,562	675,562	
Prior Year Encumbrances	<u>14,138</u>	<u>14,138</u>	
Fund Balance – End of year	<u>1,840,786</u>	<u>1,840,786</u>	<u>0</u>

See notes to financial statements.

<u>Special Revenue</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>39,261</u>	<u>39,261</u>	<u> </u>
<u>(2,517)</u>	<u>(2,517)</u>	<u> </u>
<u>(2,517)</u>	<u>(2,517)</u>	<u> </u>
36,744	36,744	
46,091	46,091	
<u>17,397</u>	<u>17,397</u>	<u> </u>
<u>100,232</u>	<u>100,232</u>	<u> 0</u>

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES

For the year ended June 30, 1999

	Proprietary Fund Types
	<u>Enterprise</u>
Operating Revenues:	
Charges for services.....	7,309
TOTAL OPERATING REVENUES.....	<u>7,309</u>
Operating Expenses:	
Purchased services.....	28,108
Materials and supplies.....	1,274
TOTAL OPERATING EXPENSES.....	<u>29,382</u>
Operating Income (Loss).....	(22,073)
Non-Operating Revenues (Expenses):	
Operating grants – Federal.....	9,294
– State and local	<u>172</u>
TOTAL NON-OPERATING REVENUES.....	<u>9,466</u>
Income (Loss) Before Operating Transfers.....	(12,607)
Operating Transfers In.....	<u>15,000</u>
Net Income.....	2,393
Retained Earnings – July 1, 1998.....	<u>4,078</u>
Retained Earnings – June 30, 1999.....	<u>6,471</u>

See notes to financial statements.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES**

From March 31, 1998 (Date of Inception) to June 30, 1998

	Proprietary Fund Types
	<u>Enterprise</u>
Operating Revenues:	
Charges for services.....	657
TOTAL OPERATING REVENUES.....	657
Operating Expenses:	
Purchased services.....	3,734
TOTAL OPERATING EXPENSES.....	3,734
Operating Income (Loss).....	(3,077)
Non-Operating Revenues (Expenses):	
Operating grants – Federal.....	2,155
TOTAL NON-OPERATING REVENUES.....	2,155
Income (Loss) Before Operating Transfers.....	(922)
Operating Transfers In.....	5,000
Net Income.....	4,078
Retained Earnings – March 31, 1998.....	_____
Retained Earnings – June 30, 1998.....	<u>4,078</u>

See notes to financial statements.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

**COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES**

For the year ended June 30, 1999

	Proprietary Fund Types
	<u>Enterprise</u>
Cash Flows From Operating Activities:	
Cash received from charges for services.....	7,309
Cash payments for contract services.....	(28,108)
Cash payment for materials and supplies	<u>(1,274)</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>(22,073)</u>
Cash Flows From Non-Capital Financing Activities:	
Cash received from other funds.....	15,000
Cash received from operating grants	<u>9,206</u>
 NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES.....	 <u>24,206</u>
 Net Increase (Decrease) In Cash And Cash Equivalents.....	 2,133
Cash And Cash Equivalents - July 1, 1998.....	<u>2,806</u>
Cash and Cash Equivalents - June 30, 1999	<u>4,939</u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:	
Operating income (loss)	<u>(22,073)</u>
Adjustments To Reconcile Operating Income To Net Cash Provided By (Used In) Operating Activities	
	<u>(22,073)</u>

See notes to financial statements.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

**COMBINED STATEMENT OF CASH FLOWS –
ALL PROPRIETARY FUND TYPES**

From March 31, 1998 (Date of Inception) to June 30, 1998

	Proprietary Fund Types
	<u>Enterprise</u>
Cash Flows From Operating Activities:	
Cash received from charges for services.....	657
Cash payments for contract services.....	<u>(3,734)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	<u>(3,077)</u>
Cash Flows From Non-Capital Financing Activities:	
Cash received from other funds.....	5,000
Cash received from operating grants.....	<u>883</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES.....	<u>5,883</u>
Net Increase (Decrease) In Cash And Cash Equivalents.....	2,806
Cash And Cash Equivalents – March 31, 1998.....	_____
Cash and Cash Equivalents – June 30, 1998.....	<u>2,806</u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:	
Operating income (loss).....	<u>(3,077)</u>
Adjustments To Reconcile Operating Income To Net Cash Provided By (Used In) Operating Activities.....	<u>(3,077)</u>

See notes to financial statements.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Financial Statements

Note 1 — Description of the Center and Reporting Entity

The financial statements of the Clermont County Educational Service Center (Center) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Center's significant accounting policies are described below:

Description of the Entity

The Center is a Governing Board of an Educational Service Center as defined by Am. Sub. H. B. 117, 121st General Assembly. The Center is an administrative entity providing supervision and certain other services to local school districts located within Clermont County. It operates under an elected Board of Educational Service Center (5 members) and provides special education to handicapped students. The Center has its own fiscal officer and is considered a separate entity and issues its own financial statements.

Reporting Entity

For financial reporting purposes, the Center's financial statements include all funds, account groups, and component units for which the Center is financially accountable based upon criteria set forth in GASB Statement 14. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e., the Center) are financially accountable. The Center would consider an organization to be a component unit if:

1. The Center appointed a voting majority of the organization's governing body; and (a) was able to impose its will on that organization; or (b) there was a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Center; or
2. The organization was fiscally dependent upon the Center; or
3. The nature of the relationship between the Center and the organization was such that the exclusion from the financial reporting entity would render the financial statements misleading.

The Center included no component units in the accompanying financial statements.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Financial Statements

The Center is associated with one joint venture and two public entity risk pools. These organizations are discussed in Note 13 and Note 15 to the general purpose financial statements. These organizations are:

Joint Venture:

Hamilton/Clermont Cooperative Association

Public Entity Risk Pools:

Ohio School Boards Association Workers' Compensation Group Rating Program

Clermont County Heath Trust

Note 2 — Summary Of Significant Accounting Policies

Basis of Presentation - Fund Accounting

The Center uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Center functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the Center are grouped into the following generic fund types under the broad fund categories governmental and proprietary:

Governmental Funds - Governmental Funds are those through which most governmental functions of the Center are financed. The acquisition, use and balances of the Center's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The following are the Center's Governmental Funds:

General Fund – The General Fund is the general operating fund of the Center and it is used to account for all financial resources except those required by law to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Financial Statements

Proprietary Fund Type – Proprietary Funds are used to account for the Center's ongoing activities that are similar to those most often found in the private sector. The following is the Center's proprietary fund type:

Enterprise Fund – The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group – This group of accounts is established to account for all fixed assets of the Center, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group – This group of accounts is established to account for all long-term obligations of the Center, except those accounted for in the proprietary funds.

Measurement Focus

Governmental Fund types use the flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Governmental fund types operating statements represent increases and decreases in net current assets.

Proprietary Fund types are accounted for on the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary Fund types' income statements represent increases and decreases in net total assets.

Basis of Accounting

The modified accrual basis of accounting is followed for Governmental Funds. Under this basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the Center is 60 days after fiscal year end. Revenue considered susceptible to accrual includes, but is not limited to, interest, tuition and state and federal

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Financial Statements

grants. Expenditures are recognized in the period in which the related fund liability is incurred, except interest on long-term debt which is recorded when due.

Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the budget, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Governing Board.

SF-5 – Annually, the Superintendent and Treasurer submit to the Governing Board a proposed County Board of Education, SF-5, budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. After approval by the Board, the budget SF-5 is submitted to the Ohio Department of Education by September 8.

Appropriations – By October 1, the annual appropriation resolution must be legally enacted by the Governing Board at the fund, function, and object levels of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Center may pass a temporary appropriation measure to meet the ordinary expense of the Service Center. The Appropriation Resolution, by fund, must be within the estimated revenue and carryover balance and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of the general fund appropriation or alter total function appropriations within that fund, or alter object appropriations within the functions, must be approved by the Governing Board. The Center may pass supplemental appropriations. During the year, several supplemental appropriations were legally enacted. The budget figures which appear in the statements of budgetary comparison represent the final appropriation amounts, including all supplemental appropriations.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
Notes to Financial Statements

The original appropriation measure was amended during the fiscal years 1999 and 1998 as follows:

<u>Fund Type</u>	<u>1999</u>	<u>1998</u>
<u>Governmental</u>		
General	(833,093)	(132,849)
Special revenue	21,317	6,515
Enterprise.....	9,382	-

Encumbrances – As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations – At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

Cash and Investments

To improve cash management, cash received by the Center is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the combined balance sheet.

For fiscal years 1999 and 1998, investments were limited to State Treasury Asset Reserve of Ohio (STAROhio) and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and non-negotiable certificates of deposit are reported at cost.

The Center has invested funds in STAROhio for fiscal years 1999 and 1998. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999 and 1998.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Financial Statements

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of investment earnings. Investment revenue credited to the general fund during fiscal years 1999 and 1998 totaled \$97,651 and \$61,352, respectively.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Board are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Fixed Assets and Depreciation

General Fixed Assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The Center follows the policy of not capitalizing assets with a cost of less than \$300. No depreciation is recognized for assets in the General Fixed Assets Account Group. The Center does not possess any infrastructure.

Intergovernmental Revenues

In Governmental Funds, entitlements and non-reimbursable grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for proprietary fund operations are recognized as revenue when measured and earned.

Interfund Transactions

During the course of normal operations the Center had transactions between funds. The most significant included routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.

Compensated Absences

GASB Statement No. 16 specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's right to receive compensation is attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payments.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Center will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
Notes to Financial Statements

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Center's termination policy. The Center records a liability for accumulated unused sick leave for classified employees after 20 years of current service with the Center and for certified employees and administrators after 20 years of service.

For Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the respective Governmental Fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligations Account Group. In Proprietary Funds, the entire amount of compensated absences is reported as a fund liability.

Long-Term Obligations

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Obligation Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds. The Center had no long-term obligations at June 30, 1999 and 1998.

Fund Equity

The unreserved portions of fund equity reflected for the Governmental Funds are available for use within specific purpose of those funds. Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances.

Memorandum Only – Total Columns

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, cash flows, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Financial Statements

Proprietary Fund Accounting

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting." The Center applies all GASB pronouncements and all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 3 — Equity in Pooled Cash and Investments

The Center maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments." State Statute requires the classification of monies held by the Center into three categories:

Active Monies – Those monies that are required to be kept in a "cash" or "near cash" status for immediate use by the Center. Such monies must by law be maintained either as cash in the Center treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

Protection of the Board's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Financial Statements

Interim monies can be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

In addition to the investments listed above, the Center, by a two-thirds vote of its governing members, may authorize the Treasurer of the Center to invest up to twenty-five percent of the interim monies of the Center, available for investment at any one time, in either of the following:

- A. Commercial paper notes issued by any corporation for profit that is incorporated under the laws of the United States or any state and has assets exceeding five hundred million dollars, and to which notes of the following apply:
 1. The notes are rated at the time of purchase in highest classification established by at least two standards rating services;
 2. The aggregate value of the notes does not exceed ten percent of other aggregate value of the outstanding commercial paper of the issuing corporation; and
 3. The notes mature no later than one hundred eighty days after purchase.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
Notes to Financial Statements

B. Bankers acceptances of banks that are members of the federal deposit insurance corporation to which obligations both of the following apply:

1. The obligations are eligible for purchase by the federal reserve system; and
2. The obligations mature no later than one hundred eighty days after purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end June 30, 1999, the carrying amount of the Center's deposits was \$(118,997) and the bank balance was \$64,608. Included in the bank balance is \$53,582 which represents the payroll clearing account. The bank balance was covered by FDIC.

At year end June 30, 1998, the carrying amount of the Center's deposits was \$(38,588) and the bank balance was \$31,964. Included in the bank balance is \$27,375 which represents the payroll clearing account. The bank balance was covered by FDIC.

The Center's investments are categorized to give an indication of the level of risk assumed by the entity at year end.

Category 1 includes investments that are issued, registered, or held by the Board or its agent in the Center's name.

Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the Center's name.

Category 3 includes uninsured and unregistered investments held by the counterparty, or by its department or agent, but not in the Center's name.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
Notes to Financial Statements

Based on the above criteria, the Center's investments at June 30, 1999 and 1998, respectively, are classified as follows:

<u>Investment</u>	<u>Risk Category</u>	<u>Carrying Value/ Fair Value June 30, 1999</u>	<u>Carrying Value/ Fair Value June 30, 1998</u>
Repurchase agreements	3	1,202,301	1,489,243
STAROhio	N/A	1,327,506	520,318

The Center's investment in STAROhio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

For fiscal year 1998, the School District had implemented GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The Statement established accounting and reporting guidelines for government investments and investment pools. *Certain investments which were reported at cost in previous years are now reported at fair value;* however, the Center had no such investments for the fiscal years ended 1999 and 1998, respectively.

Note 4 — Fixed Assets

A summary of the General Fixed Assets Account Group at June 30, 1999 and 1998, respectively, follows:

<u>Equipment</u>	<u>1999</u>	<u>1998</u>
Balance at beginning of the year	341,011	203,407
Additions	153,587	139,404
Disposals	<u>(25,198)</u>	<u>(1,800)</u>
Balance at the end of the year	<u>469,400</u>	<u>341,011</u>

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
Notes to Financial Statements

Note 5 — Changes in the General Long-Term Obligations Account Group

A summary of the changes in the General Long-Term Obligations Account Group for the years ended June 30, 1999 and 1998, respectively, follows:

<u>Compensated Absences</u>	<u>1999</u>	<u>1998</u>
Balance at the beginning of the year	222,286	170,540
Increase	46,876	51,746
Decrease	<u>(19,457)</u>	<u>-</u>
Balance at the end of the year	<u>249,705</u>	<u>222,286</u>

Note 6 — Segment Information

Enterprise Fund – During fiscal year 1998, the Center established a new fund and fund type (Enterprise and Proprietary Fund Type). The Center maintains this Enterprise Fund to account for the operations of Food Service. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Fund of the Center as of and for the year ended June 30, 1999 and the initial period ended June 30, 1998.

<u>Food Service</u>	<u>1999</u>	<u>1998</u>
Operating revenues	7,309	657
Operating expense before depreciation	29,382	3,734
Depreciation	-	-
Operating income	(22,073)	(3,077)
Operating grants	9,466	2,155
Donated commodities	-	-
Operating transfers in	15,000	5,000
Net income	2,393	4,078
Net working capital	6,471	4,078
Total assets	6,471	4,078
Total liabilities	-	-
Total equity	6,471	4,078

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Financial Statements

Note 7 — Defined Benefit Pension Plans

School Employees Retirement System

The Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the Center is required to contribute an actuarially determined rate, currently 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. The Center's contributions to SERS for the years ending June 30, 1999, 1998 and 1997 were \$200,073, \$150,254 and \$149,494, respectively. \$29,310 and \$16,039 representing unpaid contributions for fiscal years 1999 and 1998, respectively, were recorded as liabilities within the respective funds.

State Teachers Retirement System

The Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution, or other agency wholly controlled, managed, and supported in whole, or in part, by the state or any political subdivision thereof. Any member who has (i) five years of service credit and attained age 60, (ii) 25 years of service credit and attained age 55, or (iii) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by using a base percentage of 2.1% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached.

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Financial Statements

A retiree of STRS or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of 3% of the original base benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

A member with five or more years' credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members' beneficiaries.

Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the Center is required to contribute 14%. The contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The Center's contributions to STRS for the years ending June 30, 1999, 1998 and 1997 were \$595,850, \$478,133 and \$457,486, respectively, equal to the required contributions for each year. \$80,627 and \$50,064 representing unpaid contributions for fiscal years 1999 and 1998, respectively, were recorded as liabilities within the respective funds.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Financial Statements

Note 8 — Post Employment Benefits

State Teachers Retirement System (STRS)

STRS provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code (R.C.), the State Teachers Retirement Board (Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The R.C. grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Board allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1998 (the latest information available), the Board allocated employer contributions equal to 3.5% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,156 million on June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999, will be 8% of covered payroll. For the Center, these amounts equaled to \$340,486 and \$119,533 for 1999 and 1998, respectively.

For the year ended June 30, 1998 (the latest information available), net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

School Employees Retirement System (SERS)

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 1998 (the latest information available), the allocation rate is 4.98%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1998, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the Center, the amount to fund health care benefits, including surcharge, equaled \$97,227 and \$64,995 for 1999 and 1998, respectively.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
Notes to Financial Statements

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, the Retirement System's net assets available for payment of health care benefits was \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

Note 9 — Budgetary Basis of Accounting

While reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The major differences between the budget basis and GAAP are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Reconciliation of Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses From GAAP Basis to Budgetary Basis:

For the year ended June 30, 1999:

<u>Governmental</u> <u>Fund Types</u>	<u>General</u> <u>Fund</u>	<u>Special Revenue</u> <u>Funds</u>
GAAP Basis	386,542	(90,931)
Net Adjustment for Revenue Accruals	(262,049)	55,949
Net Adjustment for Expenditure Accruals	369,792	(21,598)
Encumbrances	<u>(54,376)</u>	<u>(6,389)</u>
Budgetary Basis	<u>439,909</u>	<u>(62,969)</u>

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
Notes to Financial Statements

For the year ended June 30, 1998:

<u>Governmental</u> <u>Fund Types</u>	<u>General</u> <u>Fund</u>	<u>Special Revenue</u> <u>Funds</u>
GAAP Basis	700,390	82,767
Net Adjustment for Revenue Accruals	311,104	(55,949)
Net Adjustment for Expenditure Accruals	153,537	23,129
Encumbrances	<u>(13,945)</u>	<u>(13,203)</u>
Budgetary Basis	<u>1,151,086</u>	<u>36,744</u>

Note 10 — Operating Lease

The Center rents office space from Clermont County for \$440 a month. There is no expiration date for this agreement. Minimum rent payments for the next five years are:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2000	5,280
2001	5,280
2002	5,280
2003	5,280
2004	<u>5,280</u>
	<u>26,400</u>

Rent expense was \$5,280 for fiscal years 1999 and 1998.

Note 11 — Compliance and Accountability

State statute requires all funds to have expenditures and encumbrances within approved appropriation limits. All funds of the Center had expenditures and encumbrances within the approved appropriations.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Financial Statements

Note 12 — Contingent Liabilities

Grants

The Center receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the General Fund or other applicable funds. Management is unable to estimate possible claims resulting from such audits until the audits have been completed. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Center.

Note 13 — Joint Venture Participant

The Center is a participant in the Hamilton/Clermont Cooperative Association (H/CCA) which is a governmental joint venture computer consortium A-site used by the Center. H/CCA is an association of public school districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Center of H/CCA consists of one representative from each of the participating members. Complete financial statements can be obtained from H/CCA located at the Hamilton County Board of Education in Cincinnati, Ohio. The Center paid \$13,068 and \$24,125 for H/CCA fees for fiscal years 1999 and 1998, respectively.

Note 14 — Uncertainties

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the Center. The Center received \$2,579,953 and \$4,257,717 for the fiscal years ended June 30, 1999 and 1998, respectively of the school foundation support for its general fund.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Financial Statements

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined that they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of the audit opinion, the Ohio Supreme Court has not rendered an opinion on this issue. As of the date of these financial statements, the Center is unable to determine what effect, if any, this on going legislation will have on its future state funding under this program and on its financial operation.

Note 15 — Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Program

The Center participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Clermont County Health Trust

The Clermont County Health Trust (Trust), an insurance purchasing pool, is a health trust formed to provide affordable and desirable dental, life, medical, and other disability group insurance for members' employees, eligible dependents and designated beneficiaries of such employees. The Board of Directors consists of one representative from each of the participating members and are elected by the vote of a majority of the member school districts.

The Center pays premiums to a third party administrator, which in turns buys the insurance policies from various insurance companies. Upon termination, the Center shall be responsible for prompt payment of all plan liabilities accruing as a result of such termination and maintain no right to any assets of the Trust. The Center may terminate participation in the Trust for the benefit if its employees upon written notice to the Trustee delivered at least sixty days prior to the annual review date of the policy. Financial information can be obtained from the Clermont County Health Trust at P.O. Box 526, Middletown, Ohio 45042.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
Notes to Financial Statements

Note 16 — Risk Management

The Center 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.

For fiscal years 1999 and 1998, respectively, the Center contracted with Motorists Mutual Insurance Company for general property insurance. The coverage has a \$1,000 deductible with a \$425,000 limit of insurance.

Settled claims have not exceeded commercial coverage in any of the past three years.

Professional liability is protected by Nationwide Insurance Company with \$2,000,000 each occurrence, \$5,000,000 aggregate limit for June 30, 1999 and 1998.

Vehicles are covered by Erie Insurance Company with a \$500 deductible for comprehensive and a \$500 deductible for collision for June 30, 1999 and 1998.

Public officials bond insurance is provided by The Wausau. The Treasurer and Assistant Treasurer are covered by bonds in the amount of \$20,000 for the years ended June 30, 1999 and 1998.

Supplementary Information

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Supplementary Information

Year 2000 Issue

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the Center's operations.

The Center has completed an inventory of computer systems and other equipment necessary to conduct Center operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)).

The Center uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the Center in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the Center through EMIS. The State is responsible for remediating these systems.

The Center contracted with outside vendors for minimal amounts for assessment, remediation, purchases, and testing and validation, which was paid as of the end of the fiscal year.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Center is or will be Year 2000 ready, that the Center's remediation efforts will be successful in whole or in part, or that parties with whom the Center does business will be year 2000 ready.

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Schedule of Expenditures of Federal Awards

Year Ended June 30, 1999

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Federal Receipts
Department of Education/Ohio Department of Education				
Direct programs				
Adult Education - State Grant Program	84.002		129,229	114,537
Eisenhower Professional Development State Grants	84.281		33,256	39,121
Title I Grants to Local Educational Agencies	84.010		7,194	8,509
Special Education - Preschool Grants	84.173		90,752	91,443
Technical Literacy - School Net	84.318		44,793	44,793
United States Department of Agriculture/Ohio Department of Education				
Direct programs				
National School Lunch Program	10.555		9,064	9,064
United States Department of Labor/Ohio Department of Education				
Direct programs				
Employment Services and Job Training - Pilot and Demonstration Programs	17.249		85,483	83,626
Total Expenditures of Federal Awards			399,771	391,093

See notes to Schedule of Expenditures of Federal Awards.

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Notes to Schedule of Expenditures of Federal Awards

Note 1 — Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Clermont County Educational Service Center for the year ended June 30, 1999, and is presented on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

**Report on Compliance and on the Internal Control over
Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

Governing Board of the
Clermont County Educational Service Center
Batavia, Ohio

We have audited the general-purpose financial statements of Clermont County Educational Service Center (Center), as of and for the year ended June 30, 1999, and have issued our report thereon dated October 19, 1999. We conducted our audit in accordance with generally accepted auditing standards 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 the Center's general-purpose 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 are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Center's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 99-1.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting which we have reported to the management of the Center in a separate letter dated October 19, 1999.

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

Olive LLP

Cincinnati, Ohio
October 19, 1999

**Report on Compliance with Requirements
Applicable to Each Major Program and on the Internal Control
over Compliance in Accordance with OMB Circular A-133**

Governing Board of the
Clermont County Educational Service Center
Batavia, Ohio

Compliance

We have audited the compliance of Clermont County Educational Service Center (Center) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The Center's major federal programs are identified in the Summary of Auditor's Results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Centers*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Center's compliance with those requirements.

In our opinion, Clermont County Educational Service Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Clermont County Educational Service Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

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

Oliver

Cincinnati, Ohio
October 19, 1999

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

Schedule of Findings and Questioned Costs

Section I — Summary of Auditor's Results

June 30, 1999 Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs:	<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	84.002	Adult Education - State Grant Program
	84.173	Special Education - Preschool Grants

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

Auditee qualified as low-risk auditee? yes no

CLERMONT COUNTY EDUCATIONAL SERVICE CENTER
Schedule of Findings and Questioned Costs

Section II — Financial Statement Findings

#99-1: The Organization lacks appropriate segregation of duties.

Criteria: The Organization should maintain appropriate segregation of duties consistent with appropriate control objectives.

Condition: During our audit testing, we noted that, due to the small staff size, the Treasurer opens the mail, records revenues and then deposits money. The Treasurer has access to the financial records as well as disbursement and deposit mechanisms.

Effect: The overlap of duties and responsibilities among the limited number of personnel may pose a problem in maintaining the security of assets and the proper recording transactions.

Cause: It is not cost effective to hire additional personnel to justify the additional benefit received through an increased level of segregation of duties.

Recommendation: We recommend that, if possible, other individuals be utilized to open and record mail activity, write checks and deposit funds. If possible, an independent review of the bank reconciliations prepared by the Treasurer should be performed.

Section III — Federal Award Findings and Questioned Costs

No matters were reported.



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OFFICE OF THE AUDITOR

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CLERMONT COUNTY EDUCATIONAL SERVICE CENTER

CLERMONT 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.

By: Susan Babbitt

Date: JANUARY 11, 2000