



Dave Yost • Auditor of State

**SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets.....	7
Statement of Revenues, Expenses and Changes in Net Assets	8
Statement of Cash Flows	9
Notes to the Basic Financial Statements.....	11
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	17

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Shared Services Council of Governments
Franklin County
2080 Citygate Drive
Columbus, Ohio 43219

To the Governing Board:

We have audited the accompanying basic financial statements of the Shared Services Council of Governments, Franklin County, Ohio (the Council), a component unit of the Educational Service Center of Central Ohio, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Shared Services Council of Governments, as of June 30, 2012, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2013, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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

Dave Yost
Auditor of State

January 11, 2013

**THE SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
UNAUDITED**

The management's discussion and analysis of The Shared Services Council of Governments (the Council), a jointly governed entity between The Educational Service Center of Central Ohio (Center) and the Gahanna-Jefferson Public School District (Gahanna), financial performance provides an overall review of the Council's financial activities for the period July 1, 2011 through June 30, 2012. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Council's financial performance. 2009 was the 1st year of operations, with operations beginning on September 3, 2008. The primary operations of the Council are to employ employee personnel on behalf of other governmental entities. In 2012 employees were employed on the behalf of School Districts and Agencies throughout Central Ohio.

FINANCIAL HIGHLIGHTS

- Net Assets at June 30, 2012 are \$471,975; a decrease of \$149,135 from fiscal 2011.
- Operating revenues were \$24,331,312; an increase of \$8,449,817.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts – management's discussion and analysis, the basic financial statements, and the notes to the basic financial statements. These statements are organized so the reader can understand the financial position of the Council. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of net assets represents the basic statement of position for the Council. The statement of revenues, expenses and changes in net assets presents increases (e.g., revenue) and decreases (e.g., expenses) in net total assets. The statement of cash flows reflects how the Council's meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE

The following tables represent the Council's condensed financial information for the fiscal year ended June 30, 2012 and June 30, 2011, derived from the statements of net assets and the statement of revenues, expenses, and changes in net assets.

	Net Assets	Net Assets
	2012	2011
Current and other assets	\$ 1,859,507	\$ 2,126,564
Total assets	1,859,507	2,126,564
Current liabilities	1,387,532	1,505,454
Total liabilities	1,387,532	1,505,454
Net assets		
Unrestricted	471,975	621,110
Total net assets	\$ 471,975	\$ 621,110

**THE SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
UNAUDITED**

Changes in Net Assets – The following table shows the changes in net assets for the fiscal years ending June 30, 2012 and June 30, 2011:

	<u>Change in Net Assets 2012</u>	<u>Change in Net Assets 2011</u>
Operating Revenues:		
Charges for Services	\$ 24,331,312	\$ 15,881,495
Total revenues	<u>24,331,312</u>	<u>15,881,495</u>
Expenses:		
Personnel Services	19,056,599	12,406,453
Employee benefits	5,366,696	3,493,706
Purchased services	57,152	26,631
Total expenses	<u>24,480,447</u>	<u>15,926,790</u>
Change in Net Assets	(149,135)	(45,295)
Net Assets Beginning of Year	<u>621,110</u>	<u>666,405</u>
Net Assets End of Year	<u>\$ 471,975</u>	<u>\$ 621,110</u>

The Council operates as a business-type enterprise fund. Results of the period ended June 30, 2012 indicate a decrease in net assets of \$149,135. Charges for services revenue is primarily the cost of employing personnel on behalf of other entities.

BUDGET

Regional Council of Governments are not subject to budgetary provisions set forth in the Ohio Revised Code Chapter 5705.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Council maintains no capital assets.

Debt

The Council has not issued any debt.

ECONOMIC FACTORS

The Council of Governments ongoing activities are primarily dependent upon the continued support of The Educational Service Center of Central Ohio. Management is currently unaware of any facts, decisions or conditions that have occurred that are expected to have a significant effect on financial position or results of operations.

**THE SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

***MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
UNAUDITED***

OPERATIONS

The Council is a legally separate body politic and corporate served by an appointed three-member board of Directors. The Board members are the Superintendent and Treasurer of the Center and the Superintendent of the Gahanna-Jefferson Public School District. The goal is to serve those entities that are served by the Center. The Council provides provide employment services for other governmental entities on a contractual basis.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Council's finances and to show its accountability for the money it receives. If you have questions about this report or need additional information, contact Alan Hutchinson, Treasurer of the Shared Services Council of Governments.

THIS PAGE INTENTIONALLY LEFT BLANK

**SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 781,802
Receivables	1,077,705
Total Current Assets	<u>1,859,507</u>
 TOTAL ASSETS	 <u>1,859,507</u>
 LIABILITIES:	
Current Liabilities:	
Accounts payable	93
Due to other governments	491,211
Accrued liabilities	896,228
TOTAL LIABILITIES	<u>1,387,532</u>
 NET ASSETS:	
Unrestricted	<u>471,975</u>
TOTAL NET ASSETS	<u><u>\$ 471,975</u></u>

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

**SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2012**

Operating Revenues:	
Charges for services	\$ 24,331,312
Total operating revenues	<u>24,331,312</u>
Operating Expenses:	
Personnel service	19,056,599
Employee benefits	5,366,696
Purchased Services / Supplies	57,152
Total operating expenses	<u>24,480,447</u>
Operating income	<u>(149,135)</u>
Change in net assets	(149,135)
Net assets at beginning of year	621,110
Net assets at end of the year	<u>\$ 471,975</u>

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

**SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2012**

Cash flows from operating activities:	
Cash received from customers	\$ 24,740,047
Cash payments for supplies and materials	(63,245)
Cash payments for personnel services	(19,256,455)
Cash payments for benefits	(5,278,669)
Net cash flows provided by operating activities	<u>141,678</u>
Net increase in cash and cash equivalents	141,678
Cash and cash equivalents at beginning of year	<u>640,124</u>
Cash and cash equivalents at end of year	<u><u>\$ 781,802</u></u>
Reconciliation of operating income to net cash flows from operating activities:	
Operating Income	\$ (149,135)
Changes in assets and liabilities:	
Decrease in receivable	408,735
Decrease in accounts payable	(6,093)
Increase in due to other governments	88,027
Decrease in accrued liabilities	(199,856)
Net cash provided by operating activities	<u><u>\$ 141,678</u></u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

**THE SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY

The Shared Services Council of Governments (the Council) is a legally separate body politic and corporate served by an appointed three-member Board of Directors and meets the definition of regional council of governments under chapter 167 of the Ohio Revised Code. The Council provides employment services primarily to the Educational Service Center of Central Ohio (Center).

The Council is a jointly governed entity between the Center and the Gahanna-Jefferson Public Schools. Other School Districts, community schools and other political subdivisions that have entered into service agreements with the Council shall automatically be members of the Council's Advisory Committee during the terms of such agreements. The Treasurer of the Center is also the Treasurer of the Council. The Council is a component unit of the Center; the Center appoints a majority of the Council's Governing Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States of America (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 Council also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Council does not apply FASB Statements and Interpretations issued after November 30, 1989. Following are the more significant of the Council's accounting policies.

(A) *Basis of Presentation*

The Council's basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

(B) *Measurement focus*

Enterprise accounting uses a flow of economic *resources measurement focus*. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net assets. The difference between total assets and total liabilities is defined as net assets. The statement of revenues, expenses, and changes in net assets presents increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. The statement of cash flows provides information about how the Council finances and meets the cash flow needs of its enterprise activities.

(C) *Basis of Accounting*

Basis of accounting determines when a transaction is recorded in the financial records and reported on the financial statements. The statements are prepared using the full accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

**THE SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the Council receives value without directly giving equal value in return, include grants, entitlements, and fees. Revenue from grants, entitlements, and fees is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Council must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Council on a reimbursement basis. Expenses are recognized at the time they are incurred.

(D) Budgetary Process

Regional Council of Governments are not subject to budgetary provisions set forth in the Ohio Revised Code Chapter 5705.

(E) Cash and Cash Equivalents

Cash held by the Council is reflected as "Cash and Cash and Equivalents" on the statement of net assets. All monies received by Council are maintained in a demand deposit account. For internal accounting purposes, Council segregates its cash. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an original maturity of more than three months are reported as investments. During the period fiscal year, the Council held no investments.

(F) Capital Assets and Depreciation

The Council maintains no capital assets.

(G) Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Council or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The Council applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Council did not have any restricted net assets at fiscal year end.

(H) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

(I) Operating Revenues and Expenses

Operating revenues are those revenues that are generally directly from the primary activities of the Council. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Council. All revenues and expenses not meeting this definition are reported as non-operating.

**THE SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

3. CASH DEPOSITS

At June 30, 2012, the carrying amount of all the Council deposits was \$781,802 and the bank balance was \$833,491. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2012, \$562,076 of the District's bank balance of \$833,491 was exposed to custodial risk as discussed above, while \$271,415 was covered by Federal Deposit Insurance Corporation.

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

4. RECEIVABLES

Receivables at June 30, 2012 consisted of amounts due from operations.

5. RELATED PARTY TRANSACTIONS

The Council is a jointly governed entity between the ESC and the Gahanna-Jefferson Public Schools. During the fiscal year 2012, the Council received a \$450,000 loan from the Center. The loan was repaid prior to fiscal year end.

6. CONTINGENCIES

There are currently no matters in litigation with the Council as plaintiff or defendant.

7. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts, theft or damage, destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Council maintains insurance coverage consistent with that of the Center.

8. PENSION PLANS

(A) School Employees Retirement System

Plan Description - The Council contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 *Forms and Publications*.

**THE SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

8. PENSION PLANS (Continued)

(A) School Employees Retirement System (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Council is required to contribute at an actuarially determined rate. The current Council rate is 14 percent of annual covered payroll. A portion of the Council's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 13.45 percent of annual covered salary was the portion used to fund pension obligations. 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. The Council's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$1,643,545, \$1,044,304, and \$361,849 respectively; equal to 100 percent of the required contribution for each year.

(B) State Teachers Retirement System of Ohio

Plan Description - The Council participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**THE SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

8. PENSION PLANS (Continued)

(B) State Teachers Retirement System of Ohio (Continued)

Funding Policy - For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The Council was required to contribute 14 percent; 12.7 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Council's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$1,214,519, \$763,110, and \$555,727, respectively; equal to 100% of the required contribution each year. Contributions to the DC and Combined Plans for fiscal year 2012 are available from the Treasurer's office upon request.

9. POSTEMPLOYMENT BENEFITS

(A) School Employees Retirement System

Plan Description - The Council 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 and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. 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.

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). The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2012, .55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2012, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The Council's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011, and 2010 were \$218,642, \$168,249, and \$82,968 respectively; with 100 percent being contributed.

**THE SHARED SERVICES COUNCIL OF GOVERNMENTS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)**

9. POSTEMPLOYMENT BENEFITS (Continued)

(B) State Teachers Retirement System of Ohio

Plan Description - The Council contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1.3 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$112,777, \$54,508, and \$38,418 respectively; with 100 percent being contributed.



Dave Yost • Auditor of State

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

Shared Services Council of Governments
Franklin County
2080 Citygate Drive
Columbus, Ohio 43219

To the Governing Board:

We have audited the basic financial statements of the Shared Services Council of Governments, Franklin County, Ohio (the Council), a component unit of the Educational Service Center of Central Ohio, as of and for the year ended June 30, 2012, which collectively comprise the Council's basic financial statements and have issued our report thereon dated January 11, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted a certain matter not requiring inclusion in this report that we reported to the Council's management in a separate letter dated January 11, 2013.

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

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

Dave Yost
Auditor of State

January 11, 2013



Dave Yost • Auditor of State

SHARED SERVICES COUNCIL OF GOVERNMENTS

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 14, 2013**