



**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 2nd Flr.
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Ross-Pike County Educational Service District
Ross County
475 Western Avenue, Suite E
Chillicothe, Ohio 45601

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Ross-Pike County Educational Service District, Ross County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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 financial position of the Ross-Pike County Educational Service District, Ross County, Ohio as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type 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 December 14, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by 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.

JIM PETRO
Auditor of State

December 14, 2000

ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

| | Governmental Fund Types | | Proprietary Fund Type | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) |
|---|-------------------------|--------------------|--------------------------|------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Special Revenue | Internal Service | Agency | General Fixed Assets | General Long-Term Obligations | |
| Assets and Other Debits: | | | | | | | |
| Assets: | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,205,356 | \$184,385 | \$509 | \$8,065 | \$0 | \$0 | \$1,398,315 |
| Cash and Cash Equivalents With Fiscal Agents | 0 | 0 | 21,510 | 0 | 0 | 0 | 21,510 |
| Receivables: | | | | | | | |
| Intergovernmental | 68,160 | 1,000 | 216,101 | 0 | 0 | 0 | 285,261 |
| Prepaid Items | 3,485 | 0 | 0 | 0 | 0 | 0 | 3,485 |
| Fixed Assets | 0 | 0 | 0 | 0 | 351,602 | 0 | 351,602 |
| Other Debits: | | | | | | | |
| Amount to be Provided from General Government Resources | 0 | 0 | 0 | 0 | 0 | 154,945 | 154,945 |
| Total Assets | \$1,277,001 | \$185,385 | \$238,120 | \$8,065 | \$351,602 | \$154,945 | \$2,215,118 |
| Liabilities Fund Equity and Other Credits: | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable | \$2,394 | \$3,750 | \$0 | \$0 | \$0 | \$0 | \$6,144 |
| Accrued Wages and Benefits | 302,295 | 8,605 | 0 | 0 | 0 | 0 | 310,900 |
| Compensated Absences Payable | 43,707 | 0 | 0 | 0 | 0 | 139,714 | 183,421 |
| Intergovernmental Payable | 13,540 | 12,228 | 0 | 0 | 0 | 15,231 | 40,999 |
| Claims Payable | 0 | 0 | 41,422 | 0 | 0 | 0 | 41,422 |
| Undistributed Monies | 0 | 0 | 0 | 8,065 | 0 | 0 | 8,065 |
| Total Liabilities | 361,936 | 24,583 | 41,422 | 8,065 | 0 | 154,945 | 590,951 |
| Fund Equity and Other Credits: | | | | | | | |
| Investment in General Fixed Assets | 0 | 0 | 0 | 0 | 351,602 | 0 | 351,602 |
| Retained Earnings: | | | | | | | |
| Unreserved | 0 | 0 | 196,698 | 0 | 0 | 0 | 196,698 |
| Fund Balance: | | | | | | | |
| Reserved for Encumbrances | 7,909 | 11,292 | 0 | 0 | 0 | 0 | 19,201 |
| Unreserved: | | | | | | | |
| Undesignated | 907,156 | 149,510 | 0 | 0 | 0 | 0 | 1,056,666 |
| Total Fund Equity and Other Credits | 915,065 | 160,802 | 196,698 | 0 | 351,602 | 0 | 1,624,167 |
| Total Liabilities, Fund Equity and Other Credits | \$1,277,001 | \$185,385 | \$238,120 | \$8,065 | \$351,602 | \$154,945 | \$2,215,118 |

See accompanying notes to the general purpose financial statements

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2000**

| | General | Special Revenue | (Totals Memorandum Only) |
|--|----------------|----------------------------|---|
| Revenues: | | | |
| Intergovernmental | \$3,739,943 | \$250,679 | \$3,990,622 |
| Interest | 67,726 | 0 | 67,726 |
| Tuition and Fees | 11,474 | 62,800 | 74,274 |
| Gifts and Donations | 700 | 14,877 | 15,577 |
| Customer Services | 367,329 | 60,135 | 427,464 |
| Miscellaneous | 8,259 | 10,955 | 19,214 |
| Total Revenues | 4,195,431 | 399,446 | 4,594,877 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 54,461 | 0 | 54,461 |
| Special | 1,028,075 | 94,203 | 1,122,278 |
| Adult/Continuing | 0 | 29,221 | 29,221 |
| Other | 13,542 | 0 | 13,542 |
| Support Services: | | | |
| Pupils | 1,237,324 | 43,455 | 1,280,779 |
| Instructional Staff | 1,021,953 | 161,326 | 1,183,279 |
| Board of Education | 58,484 | 0 | 58,484 |
| Administration | 345,714 | 19,711 | 365,425 |
| Fiscal | 89,524 | 7,504 | 97,028 |
| Operation and Maintenance of Plant | 7,657 | 811 | 8,468 |
| Pupil Transportation | 80 | 0 | 80 |
| Central | 3,262 | 7,642 | 10,904 |
| Intergovernmental | 0 | 12,079 | 12,079 |
| Total Expenditures | 3,860,076 | 375,952 | 4,236,028 |
| Excess of Revenues Over Expenditures | 335,355 | 23,494 | 358,849 |
| Other Financing Sources: | | | |
| Proceeds from the Sale of Fixed Assets | 100 | 0 | 100 |
| Excess of Revenues and Other Financing Sources Over Expenditures | 335,455 | 23,494 | 358,949 |
| Fund Balances at Beginning of Year | 579,610 | 137,308 | 716,918 |
| Fund Balances at End of Year | \$915,065 | \$160,802 | \$1,075,867 |

See accompanying notes to the general purpose financial statements

**ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2000**

| | <u>General Fund</u> | | | <u>Special Revenue Funds</u> | | |
|---|---------------------------|--------------------|---|------------------------------|------------------|---|
| | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
| Revenues: | | | | | | |
| Intergovernmental | \$0 | \$3,674,475 | \$3,674,475 | \$0 | \$287,314 | \$287,314 |
| Interest | 0 | 67,726 | 67,726 | 0 | 0 | 0 |
| Tuition and Fees | 0 | 11,159 | 11,159 | 0 | 64,925 | 64,925 |
| Gifts and Donations | 0 | 700 | 700 | 0 | 16,377 | 16,377 |
| Customer Services | 0 | 286,907 | 286,907 | 0 | 0 | 0 |
| Miscellaneous | 0 | 6,632 | 6,632 | 0 | 12,740 | 12,740 |
| Total Revenues | <u>0</u> | <u>4,047,599</u> | <u>4,047,599</u> | <u>0</u> | <u>381,356</u> | <u>381,356</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 50,874 | 50,874 | 0 | 0 | 0 | 0 |
| Special | 971,351 | 971,351 | 0 | 148,711 | 89,649 | 59,062 |
| Adult/Continuing | 0 | 0 | 0 | 30,258 | 29,708 | 550 |
| Other | 13,542 | 13,542 | 0 | 0 | 0 | 0 |
| Support Services: | | | | | | |
| Pupils | 1,133,476 | 1,133,476 | 0 | 95,182 | 52,108 | 43,074 |
| Instructional Staff | 979,818 | 979,808 | 10 | 223,887 | 175,900 | 47,987 |
| Board of Education | 58,820 | 58,757 | 63 | 0 | 0 | 0 |
| Administration | 350,756 | 350,741 | 15 | 29,605 | 22,740 | 6,865 |
| Fiscal | 88,389 | 88,389 | 0 | 7,501 | 7,501 | 0 |
| Operation and Maintenance of Plant | 9,073 | 9,073 | 0 | 11,750 | 811 | 10,939 |
| Pupil Transportation | 80 | 80 | 0 | 0 | 0 | 0 |
| Central | 3,262 | 3,262 | 0 | 7,642 | 7,642 | 0 |
| Non-Instructional Services | 0 | 0 | 0 | 4,500 | 0 | 4,500 |
| Intergovernmental | 0 | 0 | 0 | 12,079 | 12,079 | 0 |
| Total Expenditures | <u>3,659,441</u> | <u>3,659,353</u> | <u>88</u> | <u>571,115</u> | <u>398,138</u> | <u>172,977</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(3,659,441)</u> | <u>388,246</u> | <u>4,047,687</u> | <u>(571,115)</u> | <u>(16,782)</u> | <u>554,333</u> |
| Other Financing Sources: | | | | | | |
| Proceeds from the Sale of Fixed Assets | 0 | 100 | 100 | 0 | 0 | 0 |
| Refund of Prior Year Expenditures | 86,870 | 88,497 | 1,627 | 0 | 0 | 0 |
| Other Financing Sources | 0 | 0 | 0 | 0 | 83,045 | 83,045 |
| Total Other Financing Sources | <u>86,870</u> | <u>88,597</u> | <u>1,727</u> | <u>0</u> | <u>83,045</u> | <u>83,045</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures | <u>(3,572,571)</u> | <u>476,843</u> | <u>4,049,414</u> | <u>(571,115)</u> | <u>66,263</u> | <u>637,378</u> |
| Fund Balances at Beginning of Year | 700,049 | 700,049 | 0 | 54,147 | 54,147 | 0 |
| Prior Year Encumbrances Appropriated | 19,078 | 19,078 | 0 | 41,671 | 41,671 | 0 |
| Fund Balances (Deficit) at End of Year | <u>(\$2,853,444)</u> | <u>\$1,195,970</u> | <u>\$4,049,414</u> | <u>(\$475,297)</u> | <u>\$162,081</u> | <u>\$637,378</u> |

See accompanying notes to the general purpose financial statements

ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUND
JUNE 30, 2000

| | <u>Self-Insurance</u> |
|--|-------------------------|
| <i>Operating Revenues:</i> | |
| Charges for Services | <u>\$126,510</u> |
| <i>Operating Expenses:</i> | |
| Purchased Services | 16,862 |
| Claims | <u>84,880</u> |
| Total Operating Expenses | <u>101,742</u> |
| Operating Income | 24,768 |
| <i>Non-Operating Revenues:</i> | |
| Interest | <u>279</u> |
| Net Income | 25,047 |
| Retained Earnings at Beginning of Year | <u>171,651</u> |
| Retained Earnings at End of Year | <u><u>\$196,698</u></u> |

See accompanying notes to the general purpose financial statements

**ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
INTERNAL SERVICE FUND
JUNE 30, 2000**

| | Self-Insurance | | |
|-------------------------------------|---------------------------|---------------|---|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | |
| Charges for Services | \$0 | \$509 | \$509 |
| Expenses: | 0 | 0 | 0 |
| Excess of Revenues Over Expenses | 0 | 509 | 509 |
| Fund Equity at Beginning of Year | 0 | 0 | 0 |
| Fund Equity at End of Year | \$0 | \$509 | \$509 |

See accompanying notes to the general purpose financial statements

**ROSS-PIKE EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
JUNE 30, 2000**

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

| | Self-Insurance |
|---|-----------------------|
| Cash Received from Quasi-External Transactions With Other Funds | \$126,510 |
| Cash Payments to Suppliers for Goods and Services | (16,862) |
| Cash Payments for Claims | (54,959) |
| Net Cash Received from Operating Activities | 54,689 |

Cash Flows from Noncapital Financing Activities:

| | |
|---|-----------|
| Short-Term Loans to Other Governments | (216,101) |
| Operating Transfers-In | 183,152 |
| Net Cash from Noncapital Financing Activities | (32,949) |

Cash Flows from Investing Activities:

| | |
|--|----------|
| Interest on Investments | 279 |
| Net Increase in Cash and Cash Equivalents | 22,019 |
| Cash and Cash Equivalents at Beginning of Year | 0 |
| Cash and Cash Equivalents at End of Year | \$22,019 |

Reconciliation of Operating Income to Net

Cash Received from Operating Activities:

| | |
|------------------|----------|
| Operating Income | \$24,768 |
|------------------|----------|

Adjustments to Reconcile Operating

Income to Net Cash Received from Operating Activities

| | |
|---|----------|
| Changes in Assets and Liabilities: | |
| Increase in Claims Payable | 29,921 |
| Net Cash Received from Operating Activities | \$54,689 |

See accompanying notes to the general purpose financial statements

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE EDUCATIONAL SERVICE DISTRICT AND REPORTING ENTITY

The Ross-Pike Educational Service District (the "Educational Service District") is located in Chillicothe, Ohio, the county seat. The Educational Service District is a newly formed government resulting from a consolidation of the former Ross County Educational Service Center and the former Pike County Educational Service Center. The Educational Service District began operations on July 1, 1999. The Educational Service District supplies supervisory, special education, administrative, and other services to the Union-Scioto, Adena, Zane Trace, Scioto Valley (Ross), Huntington, Western, Eastern, Scioto Valley (Pike), and Paint Valley Local School Districts, the Chillicothe City School District, the Waverly City School District, and the Pickaway-Ross County Joint Vocational School. The Educational Service District furnishes leadership and consulting services designed to strengthen the school districts in areas they are unable to finance or staff independently.

The Ross-Pike Educational Service District operates under a locally-elected Board form of government consisting of five members from Ross County, plus four board members from the Pike County Joint Vocational School, who are elected for staggered four year terms, and two members that are appointed by the nine elected board members. The Educational Service District has 54 support staff employees and 57 certified teaching personnel that provide services to the local and city school districts and the joint vocational school.

Reporting Entity:

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the Educational Service District consists of all funds, departments, boards, and agencies that are not legally separate from the Educational Service District. For the Ross-Pike Educational Service District, this includes general operations and student related activities.

Component units are legally separate organizations for which the Educational Service District is financially accountable. The Educational Service District is financially accountable for an organization if the Educational Service District appoints a voting majority of the organization's governing board and (1) the Educational Service District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Educational Service District is legally entitled to or can otherwise access the organization's resources; the Educational Service District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Educational Service District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Educational Service District in that the Educational Service District approves the budget, the issuance of debt, or the levying of taxes. The Educational Service District currently has no component units for which it is financially accountable.

The Educational Service District is associated with five organizations. The South Central Ohio Computer Association, the Pickaway-Ross County Joint Vocational School, and the Pike County Joint Vocational School are defined as jointly governed organizations. The Ohio School Boards Association Workers' Compensation Group Rating Plan is defined as an insurance purchasing pool. The Ross County School Employees Insurance Consortium is defined as a claims servicing pool. Information about these organizations is presented in Note 14 to the combined financial statements.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Educational Service District 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 Service District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Educational Service District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The Educational Service District uses funds and account groups to report on 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 Educational Service District 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 restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available resources.

For financial statement presentation purposes, the various funds of the Educational Service District are grouped into the following generic fund types under the broad fund categories of governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the Educational Service District are financed. The acquisition, use, and balances of the Educational Service District's expendable financial resources and the related current liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds. The following are the Educational Service District's governmental fund types:

General Fund

The general fund is the operating fund of the Educational Service District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Educational Service District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Proprietary Fund Type:

Proprietary funds are used to account for the Educational Service District's ongoing activities which are similar to those found in the private sector. The following is the Educational Service District's proprietary fund type:

Internal Service Fund

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Educational Service District on a cost reimbursement basis.

Fiduciary Fund Type:

Fiduciary funds are used to account for assets held by the Educational Service District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Educational Service District's only fiduciary funds are agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 a general nature, the following account groups are used:

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the Educational Service District.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the Educational Service District except those accounted for in the proprietary fund.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

All proprietary funds are accounted for on a 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. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The Educational Service District has no contributed capital. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the Educational Service District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: grants.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

C. Budgetary Process

The budgetary process is prescribed by provisions of section 3317.11 of the Ohio Revised Code and entails preparation of budgetary documents within an established timetable.

The Educational Service District legally adopts its budget on or before the start of the new fiscal year. Included in the budget are the estimated resources and expenditures for each fund. Upon review by the Educational Service District's Board, the annual appropriation resolution is adopted. After the start of the fiscal year, the estimated resources are revised and accepted by the Board to include any unencumbered cash balances from the preceding year. Both the estimated resources and appropriations may be amended or supplemented throughout the year as circumstances warrant.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

In the first quarter of each fiscal year, the Educational Service District summarizes and certifies its budget on forms furnished by the State Department of Education, together with such other information as the State Department of Education may require. The summarized budget document consists of three parts. Part (A) includes entitlement funding from the State for the cost of salaries, employer's retirement contributions, and travel expenses of supervisory teachers approved by the State Department of Education. Part (B) includes the cost of all other lawful expenditures of the Educational Service District. Part (A) includes the adopted appropriation resolution of the Educational Service District. The State Board of Education reviews the budget and certifies to each local board of education under the supervision of the Educational Service District the amount from part (B) that is to be apportioned to their Educational Service District. The activity of the Self-Insurance Internal Service Fund includes activity handled through a fiscal agent. This activity is therefore not budgeted.

Appropriations:

The annual appropriation resolution is legally enacted by the Educational Service District at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Educational Service District may pass a temporary appropriation measure to meet the ordinary expenses of the Educational Service District. The appropriation resolution, by fund, must be within the estimated resources, 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 any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Educational Service District.

The Educational Service District may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the budget approved by the State Department of Education. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

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 fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

At the close of each fiscal 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.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

To improve cash management, all cash received by the Educational Service District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the Educational Service District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

The Educational Service District participates in a claims servicing pool that pays employee health insurance claims on the Educational Service District's behalf. The balance of the Educational Service District's funds held by the claims administrator and the fiscal agent at June 30, 2000 is presented as "Cash and Cash Equivalents with Fiscal Agents" on the balance sheet.

During fiscal year 2000, the Educational Service District investments were limited to repurchase agreements and funds invested in the State Treasury Asset Reserve of Ohio (STAROhio). 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, 2000. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$67,726 which includes \$2,219 assigned from other Educational Service District funds.

For purposes of the statement of cash flows and for presentation on 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 Educational Service District are considered to be cash equivalents.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Educational Service District maintains a capitalization threshold of five hundred dollars.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fixed Assets and Depreciation (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized.

Assets in the general fixed assets account group are not depreciated. The Educational Service District does not have any infrastructure.

G. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

The Educational Service District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program
Community Alternative Funding System

Non-Reimbursable Grants

Special Revenue Funds

Career Enhancement
Education Management Information Systems
Entry Year Program
Teacher Development
Drug-Free Schools
EHA Preschool
School To Work
Dwight D. Eisenhower Math and Science
Technical Assistance

Grants and entitlements received in governmental funds amounted to 87 percent of the Educational Service District's governmental fund revenue during the 2000 fiscal year.

H. Compensated Absences

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 Educational Service District will compensate the employees for the benefits through paid time off or some other means. 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 Educational Service District 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 Educational Service District's termination policy.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences (Continued)

The Educational Service District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The Educational Service District records a liability for accumulated sick leave for all employees after 15 years of current service with the Educational Service District. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

I. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have been paid using current available financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

K. Fund Balance Reserves

The Educational Service District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances.

L. Estimates

The preparation of 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 may differ from those estimates.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Total Columns on General Purpose Financial Statements

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 or results of operations 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.

3. BUDGETARY BASIS OF ACCOUNTING

While the Educational Service District is reporting financial position, results of operations, and changes in fund balances/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, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Statement of Revenues, Expenses and Changes in Fund Equity- Budget and Actual (Budget Basis) - Internal Service Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.
4. The Educational Service District does not budget for the activities of the fiscal agent who collects and holds assets for the payment of medical claims. However, the activities of the fiscal agent are included in the internal service fund for GAAP reporting purposes.

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

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING (Continued)

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures
All Governmental Fund Types**

| | General | Special Revenue |
|----------------------|----------------|----------------------------|
| GAAP Basis | \$335,455 | \$23,494 |
| Revenue Accruals | (56,025) | 64,955 |
| Expenditure Accruals | 206,799 | 118 |
| Encumbrances | (9,386) | (22,304) |
| Budget Basis | \$476,843 | \$66,263 |

**Net Income/Excess of Revenues Over Expenses
Internal Service Fund**

| | Self- Insurance |
|-----------------------|----------------------------|
| GAAP Basis | \$25,047 |
| Revenue Accruals | 0 |
| Expense Accruals | 29,921 |
| Non-Budgeted Activity | (54,459) |
| Budget Basis | \$509 |

4. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Educational Service District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Educational Service District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by 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 deposits are deposits of interim monies. Interim monies are 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 accounts, including passbook accounts.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Protection of the Educational Service District'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.

Interim monies may 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. Bond 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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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 Educational Service District, 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

At fiscal year end, the Educational Service District had \$25 in undeposited cash on hand which is included on the balance sheet of the Educational Service District as part of "Equity in Pooled Cash and Cash Equivalents". At fiscal year end the Educational Service District had \$21,510 on deposit with the fiscal agent who pays insurance claims for the District.

The following information classifies deposits and investments by categories of risk as defined in *GASB Statement No. 3*, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits At fiscal year end, the carrying amount of the Educational Service District's deposits was (\$280,523) and the bank balance was \$190,553. Of the bank balance \$100,000 was covered by federal depository insurance and \$90,553 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the Educational Service

District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation. .

Investments The Educational Service District's investments are required to be categorized to give an indication of the level of risk assumed by the Educational Service District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Educational Service District or its agent in the Educational Service District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Educational Service District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Educational Service District's name. Investments in STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

| | Category 3 | Unclassified | Fair / Carrying Value |
|----------------------|-------------|--------------|--------------------------|
| Repurchase Agreement | \$1,284,310 | \$0 | \$1,284,310 |
| STAR Ohio | 0 | 394,503 | 394,503 |
| Totals | \$1,284,310 | \$394,503 | \$1,678,813 |

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in *GASB Statement No. 9*, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per *GASB Statement No. 3* is as follows:

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

| | Cash and Cash Equivalents/Deposits | Investments |
|-----------------------------|---|--------------------|
| <i>GASB Statement No. 9</i> | \$1,398,315 | \$0 |
| Cash on Hand | (25) | 0 |
| Investments: | | |
| Repurchase Agreement | (1,284,310) | 1,284,310 |
| STAR Ohio | (394,503) | 394,503 |
| <i>GASB Statement No. 3</i> | (\$280,523) | \$1,678,813 |

5. STATE FUNDING

The Educational Service District is funded by the State Department of Education for the cost of Part (A) of their budget. This funding is provided from State resources.

Part (B) of the budget is provided by the school districts to which the Educational Service District provides services and by the State Department of Education. Each school district's portion is determined by multiplying the average daily membership of the school district (the total number of students enrolled) by \$6.50. This amount is deducted by the State Department of Education from that school district's resources provided under the State's Foundation Program. The Department of Education's portion is determined by multiplying the sum of the average daily memberships of all of the school districts served by the Educational Service District by \$36. This amount is provided from State resources.

If additional funding is needed for the Educational Service District, and if a majority of the Boards of Education of the school districts served by the Educational Service District approve, the cost of Part (B) of the budget can be increased. The portion that is in excess of the original funding calculation is shared by all of the school districts served by the Educational Service District through additional reductions in their resources provided through the State Foundation Program. The State Board of Education initiates and supervises the procedure under which the school district's approve or disapprove the additional apportionment.

6. RECEIVABLES

Receivables at June 30, 2000, consisted of intergovernmental monies. All receivables are considered collectible in full due to the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. RECEIVABLES (Continued)

| | Amounts |
|-------------------------------------|------------------|
| General Fund: | |
| Department of Human Services | \$67,845 |
| Preschool Tuition and Fees | 315 |
| Total General Fund | 68,160 |
| Special Revenue Fund: | |
| Ohio School Net | 1,000 |
| Internal Service Fund: | |
| Self-Insurance | 216,101 |
| Total Intergovernmental Receivables | \$285,261 |

7. FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 2000 follows:

| | Balance at | | | Balance at |
|--------------------------------------|-------------------|------------------|------------------|-------------------|
| Asset Category | 6/30/99 | Additions | Deletions | 6/30/00 |
| Furniture, Fixtures and Equipment | \$294,111 | \$57,491 | \$0 | \$351,602 |

8. RISK MANAGEMENT

The Educational Service District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the Educational Service District contracted with Cincinnati Insurance Company for property insurance and with Nationwide Insurance for liability insurance. Coverages are as follows:

| | |
|---|-----------|
| Building and Contents-replacement cost (\$250 deductible) | \$202,250 |
| General Liability | |
| Per occurrence | 1,000,000 |
| Total per year | 1,000,000 |

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

For fiscal year 2000, the Educational Service District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the Educational Service District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. RISK MANAGEMENT (Continued)

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The Educational Service District is a member of a claims servicing pool, consisting of eighteen school districts within Ross County and its surrounding area, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the Educational Service District's behalf. The claims liability of \$41,422 reported in the internal service fund at June 30, 2000 is based on an estimate provided by the third party administrator and the requirements of *GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues"*, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

| | Balance at Beginning of Year | Current Year Claims | Claims Payments | Balance at End of Year |
|------|---|--------------------------------|----------------------------|-----------------------------------|
| 1999 | \$4,725 | \$88,736 | \$81,960 | \$11,501 |
| 2000 | 11,501 | 84,880 | 54,959 | 41,422 |

9. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Educational Service District contributes to the School Employees Retirement System of Ohio (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, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the Educational Service Center is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the Educational Service Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 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, up to a statutory maximum amount, by the SERS' Retirement Board. The Educational Service District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$37,681, \$28,645 and \$30,304 respectively.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The Educational Service Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone 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 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The Educational Service Center was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Educational Service District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$126,270, \$80,747, and \$125,358, respectively.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

10. POSTEMPLOYMENT BENEFITS

The Educational Service Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory 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. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the Educational Service Center, this amount equaled \$168,360 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. POSTEMPLOYMENT BENEFITS (Continued)

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to 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 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the Educational Service Center, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$73,465.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

11. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from board policy and State laws. Twelve month employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time (up to twenty days) is paid to classified employees and administrators upon termination of employment.

Full-time teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 45 days for all employees.

B. Life Insurance

The Educational Service District provides life insurance to most employees through Professional Risk Management.

C. Deferred Compensation

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

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. LONG-TERM OBLIGATIONS

The changes in the Educational Service District's long-term obligations during fiscal year 2000 were as follows:

| | Principal Outstanding | | | Principal Outstanding |
|-------------------------------------|----------------------------------|------------------|-------------------|----------------------------------|
| | 6/30/99 | Additions | Deductions | 6/30/00 |
| Intergovernmental Payable | \$11,331 | \$15,231 | \$11,331 | \$15,231 |
| Compensated Absences | 126,669 | 50,947 | 37,902 | 139,714 |
| Total General Long-Term Obligations | <u>\$138,000</u> | <u>\$66,178</u> | <u>\$49,233</u> | <u>\$154,945</u> |

Compensated absences and the intergovernmental payable will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions.

13. SCHOOL FUNDING COURT DECISION

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 Educational Service District. During the fiscal year ended June 30, 2000, the Educational Service District received \$2,833,730 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the Educational Service District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association

The Educational Service District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Brown, Pike, Scioto, Ross, Jackson, Vinton, and Lawrence Counties. 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 school districts. The governing board of SCOCA consists of two representatives from each of the participating counties, two representatives of the school treasurers, and one representative from the fiscal agent. The Educational Service District paid SCOCA \$500 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Rd., Piketon, Ohio 45661.

Pickaway-Ross County Joint Vocational School

The Pickaway-Ross County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various City and County Boards within Pickaway and Ross Counties, and the Educational Service District, each of which possesses its own budgeting and taxing authority. During fiscal year 2000, the Educational Service District made no contributions to the Pickaway-Ross County Joint Vocational School. To obtain financial information write to the Pickaway-Ross County Joint Vocational School, Ben Van Horn, who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

Pike County Joint Vocational School

The Pike County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of the Pike County Board of Education and two representatives from the Waverly City Schools Board of Education, which possesses its own budgeting and taxing authority. To obtain financial information write to the Pike County Joint Vocational School, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Ohio School Boards Association Workers' Compensation Group Rating Plan

The Educational Service District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (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.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS (Continued)

Ross County School Employees Insurance Consortium

The Educational Service District is a member of the Ross County School Employees Insurance Consortium (the "Consortium"), a claims servicing pool for medical/surgical, dental, and vision insurance and an insurance purchasing pool for life insurance. The consortium consists of fourteen school districts within Ross County and its surrounding area. The Educational Service District participates in the Medical/surgical and life insurance which is administered through a third party administrator, Professional Risk Management Co. The Consortium's business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the Westfall Local School District, 19463 Pherson Pike, Williamsport, Ohio 43164-9745.

15. CONTINGENCIES

A. Grants

The Educational Service District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Educational Service District at June 30, 2000.

B. Litigation

The Educational Service District is not currently party to legal proceedings.

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2000**

| Federal Grantor/ Pass-Through Grantor/ Program Grant Title | Federal CFDA Number | Pass-through Agency Awarding Number | Receipts | Disbursements |
|--|---------------------------|--|------------|---------------|
| U.S. Department of Health and Human Services | | | | |
| <i>Passed through Ohio Department of Mental Retardation Development Disabilities::</i> | | | | |
| Medical Assistance Program - Medicaid | 93.778 | | \$ 168,917 | \$ 168,917 |
| U.S. Department of Education | | | | |
| <i>Passed through Ohio Department of Education</i> | | | | |
| Handicapped Preschool Grant | 84.173 | PG-S1 00 | 62,559 | 62,432 |
| Drug Free Schools Grant | 84.186 | DR-S1 00 | 42,806 | 32,014 |
| National Science Foundations - Urban/ Rural Systematic Improvement | 84.276 | G2-S5-99 G2-S9-00 | 105,000 | 90,884 |
| Eisenhower Professional Development (Math and Science) | 84.281 | ES-S2 00 | 43,306 | 50,629 |
| Total U.S. Department of Education | | | 255,671 | 235,959 |
| U.S. Department of Labor | | | | |
| <i>Passed through Ohio Department of Education</i> | | | | |
| School to Work Grant | 17.249 | WK-G00 | \$ 14,000 | \$ 27,380 |
| Total Federal Awards | | | \$438,588 | \$432,256 |

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this statements.

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 2nd Flr.
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Ross-Pike County Educational Service District
Ross County
475 Western Avenue, Suite E
Chillicothe, Ohio 45601

To the Board of Education:

We have audited the general-purpose financial statements of the Ross-Pike County Educational Service District, Ross County, Ohio (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 14, 2000. 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 14, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 judgement, could adversely affect the District'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 as item 2000-10771-001.

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 misstatement 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. The reportable condition described above is not considered to be a material weakness. We also, noted a matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to management of the District in a separate letter dated December 14, 2000.

Board of Education
Ross-Pike County Educational Service District
Ross County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of the management, Board of Education, 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.

JIM PETRO
Auditor of State

December 14, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR
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35 North Fourth Street, 2nd Flr.
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Ross-Pike County Educational Service District
Ross County
475 Western Avenue, Suite E
Chillicothe, Ohio 45601

To the Board of Education:

We have audited the compliance of the Ross-Pike County Educational Service District, Ross County, Ohio, (the District) 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 its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

Compliance

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 Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District'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 District's compliance with those requirements.

In our opinion, the District 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, 2000.

Internal Control Over Compliance

The management of the District 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 District'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 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 and use of management, Board of Education, 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.

JIM PETRO
Auditor of State

December 14, 2000

**ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133, SECTION .505
JUNE 30, 2000**

| 1. SUMMARY OF AUDITOR'S RESULTS | | |
|--|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | Yes |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under Section .510? | No |
| (d)(1)(vii) | Major Programs: | Medical Assistance Program (Medicaid: Title IX) CFDA# 93.778 Goals 2000 CFDA# 84.276 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | No |

ROSS-PIKE COUNTY EDUCATIONAL SERVICE DISTRICT
ROSS COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133, SECTION .505
JUNE 30, 2000
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number

2000-10771-001

Fixed Assets-Perpetual Listing

The District has not developed a system to perpetually update their fixed asset listing and an annual physical inspection is not performed. The District has added assets through the review of financial information captured. There has been no indication that any assets have been disposed of, transferred to other locations, or retired due to obsolescence. The District should have a perpetual system to ensure assets purchased are easily identifiable, added to the fixed asset listing by location at historical cost or fair market valued in the case of donated assets and the listing is reflective of transfers and retirements to date. An annual physical inspection should be performed to ensure all assets are accounted for and such results compared to the fixed asset listing. The listing should be adjusted to reflect the physical count.

We recommend the District conduct a physical inspection of all fixed assets and adjust the current fixed asset listing to reflect the actual count. The District should also implement the use of asset disposition forms to track asset additions, transfers and retirements. The disposition form with the department's authorizing signature should be forwarded to the Treasurer's office to update the fixed asset listing to reflect such asset additions, deletions and retirements as they occur.

3. FINDINGS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ROSS-PIKE EDUCATIONAL SERVICE CENTER

ROSS 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
JANUARY 16, 2001**