



Dave Yost • Auditor of State

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER
ASHTABULA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Management's Discussion and Analysis	4
<i>Basic Financial Statements:</i>	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
<i>Fund Financial Statements:</i>	
Statement of Assets and Fund Balances – Governmental Funds.....	12
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances – Governmental Funds	13
Statement of Fiduciary Assets and Liabilities – Agency Fund.....	14
Notes to the Basic Financial Statements.....	15
Required Supplementary Information Budget and Actual – Budget Basis	
General Fund	29
IDEA, Part-B Fund.....	30
Notes to Supplementary Information	31
Schedule of Federal Awards Receipts and Expenditures	33
Notes to Schedule of Federal Awards Expenditures.....	34
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditor Standards</i>	35
Independent Auditor's Report on Compliance with Requirements Applicable to Its Major Federal Programs and on Internal Control Over Compliance in Accordance With OMB Circular A-133	37
Schedule of Findings	39
Schedule of Prior Audit Findings	41

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ashtabula County Educational Service Center
Ashtabula County
4200 State Road
Ashtabula, Ohio 44004

To the Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Ashtabula County Educational Service Center, Ashtabula County, Ohio (the Service Center), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Service Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Service Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Service Center's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Ashtabula County Educational Service Center, Ashtabula County, Ohio, as of June 30, 2013, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03 (B) requires the Service Center to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 3 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Service Center's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. The required Budgetary Comparison schedules are included for the General and IDEA Part B Funds. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Federal Award Receipts and Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables, budgetary comparisons and the Schedule are management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables, budgetary comparisons and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables, budgetary comparisons and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables, budgetary comparison for the General and IDEA Part B funds and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, and budgetary comparison schedules, we applied no procedures to any other information in Management's Discussion & Analysis or Budgetary Comparison schedules, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2013, on our consideration of the Service Center'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Service Center's internal control over financial reporting and compliance.

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
Columbus, Ohio

December 24, 2013

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Ashtabula County Educational Service Center
Management's Discussion and Analysis
For the Year Ended June 30, 2013
Unaudited

This discussion and analysis of the Ashtabula County Educational Service Center's (the Service Center) financial performance provides an overall review of the Service Center's financial activities for the fiscal year ended June 30, 2013, within the limitations of the Service Center's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Service Center's financial performance.

Highlights

Key highlights for 2013 are as follows:

- The Service Center is having continued success with programs initiated in fiscal year 2010. These programs include, but are not limited to, OT/PT services, Autism Unit Program, Building Bridges II Program as well as School Improvement Academic Coaching services.
- Net position of governmental activities decreased from fiscal year 2012. This decrease is the result of the Service Center receiving less State funding combined with increased administration costs from two new administrators.
- Total receipts were comprised of general receipts and program specific receipts from charges for services and operating grants and contributions.
- The general fund had disbursements that exceeded receipts which were offset by the return of prior year advances from various grant funds.
- The IDEA Part-B special revenue fund had receipts that exceeded disbursements which offset a prior year advance returned to the general fund causing a \$0 net effect.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Service Center's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Service Center as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Service Center as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Ashtabula County Educational Service Center
Management's Discussion and Analysis
For the Year Ended June 30, 2013
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Service Center has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Service Center's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statement of net position and the statement of activities reflect how the Service Center did financially during 2013 within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the Service Center at fiscal year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Service Center's general receipts.

These statements report the Service Center's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Service Center's financial health. Over time, increases or decreases in the Service Center's cash position is one indicator of whether the Service Center's financial health is improving or deteriorating. When evaluating the Service Center's financial condition, you should also consider other nonfinancial factors as well, such as the condition of the Service Center's capital assets, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources.

The statement of net position and the statement of activities usually distinguish between those activities of the Service Center that are governmental and those that are considered business-type. The Service Center, however, has no business-type activities.

Governmental Activities: Most of the Service Center's basic services are reported here, including instructional and support services. State and federal grants and charges for services finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Service Center's major funds – not the Service Center as a whole. The Service Center establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Service Center are split into two categories: governmental and fiduciary.

Ashtabula County Educational Service Center
Management's Discussion and Analysis
For the Year Ended June 30, 2013
Unaudited

Governmental Funds - Most of the Service Center's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Service Center's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Service Center's programs. The Service Center's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Service Center's major governmental funds are the general fund and IDEA Part-B special revenue fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Service Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Service Center's programs.

The Service Center as a Whole

Table 1 provides a summary of the Service Center's net position for 2013 compared to 2012 on a cash basis:

(Table 1)
Net Position
Governmental Activities

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Assets			
Cash and Cash Equivalents	<u>\$1,951,321</u>	<u>\$2,160,425</u>	<u>(\$209,104)</u>
Net Position			
Restricted for:			
Other Purposes	\$77,538	\$63,701	\$13,837
Unrestricted	<u>1,873,783</u>	<u>2,096,724</u>	<u>(222,941)</u>
Total Net Position	<u>\$1,951,321</u>	<u>\$2,160,425</u>	<u>(\$209,104)</u>

As mentioned previously, net position of governmental activities decreased during 2013. This decrease is a result of the cost of programs continuing to outpace the decline in State funding as well as an increase to administration costs from additional administrators.

Ashtabula County Educational Service Center
Management's Discussion and Analysis
For the Year Ended June 30, 2013
Unaudited

Table 2 reflects the changes in net position in 2013 compared to 2012.

(Table 2)
Changes in Net Position
Governmental Activities

	2013	2012	Change
Receipts:			
<i>Program Receipts:</i>			
Charges for Services and Sales	\$2,566,876	\$2,278,080	\$288,796
Operating Grants and Contributions	1,731,751	1,584,860	146,891
Total Program Receipts	4,298,627	3,862,940	435,687
<i>General Receipts:</i>			
Grants and Entitlements Not Restricted to Specific Programs	5,462,941	5,691,115	(228,174)
Unrestricted Contributions and Donations	1,050	225	825
Interest	4,650	7,309	(2,659)
Miscellaneous	83,093	64,448	18,645
Total General Receipts	5,551,734	5,763,097	(211,363)
Total Receipts	9,850,361	9,626,037	224,324
Disbursements:			
<i>Instruction:</i>			
Regular	167,532	73,053	94,479
Special	3,065,863	3,142,101	(76,238)
Adult/Continuing	140,320	124,944	15,376
Student Intervention Services	557,712	475,185	82,527
<i>Support Services:</i>			
Pupil	2,253,003	2,227,619	25,384
Instructional Staff	2,246,594	2,291,656	(45,062)
Board of Education	24,081	21,740	2,341
Administration	1,003,541	901,949	101,592
Fiscal	302,296	295,554	6,742
Operation and Maintenance of Plant	234,346	187,835	46,511
Pupil Transportation	0	5,519	(5,519)
Central	63,327	37,693	25,634
Operation of Non-Instructional Services	200	0	200
Capital Outlay	650	292,749	(292,099)
Total Disbursements	10,059,465	10,077,597	(18,132)
Change in Net Position	(209,104)	(451,560)	242,456
Net Position Beginning of Year	2,160,425	2,611,985	(451,560)
Net Position End of Year	\$1,951,321	\$2,160,425	(\$209,104)

Program receipts represent 43.64 percent of the total receipts and are primarily comprised of funds used to cover services provided to the school districts, tuition and operating grants. There was an increase in receipts from fiscal year 2012. However, expenditures continued to outpace revenues as the Service Center added an additional administrator and principal during fiscal year 2013.

Ashtabula County Educational Service Center
Management's Discussion and Analysis
For the Year Ended June 30, 2013
Unaudited

Governmental Activities

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Service Center. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for special instruction and support services instructional staff. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Service Center that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local sources. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost Of Services 2013	Net Cost of Services 2013	Total Cost Of Services 2012	Net Cost of Services 2012
Instruction:				
Regular	\$167,532	(\$102,901)	\$73,053	(\$28,344)
Special	3,065,863	(1,302,173)	3,142,101	(1,768,035)
Adult/Continuing	140,320	3,221	124,944	19,057
Student Intervention Services	557,712	26,977	475,185	(76,333)
Support Services:				
Pupil	2,253,003	(1,674,492)	2,227,619	(1,545,791)
Instructional Staff	2,246,594	(1,596,580)	2,291,656	(1,485,044)
Board of Education	24,081	(21,492)	21,740	(19,868)
Administration	1,003,541	(630,954)	901,949	(598,633)
Fiscal	302,296	(209,921)	295,554	(226,887)
Operation and Maintenance of Plant	234,346	(190,146)	187,835	(155,990)
Pupil Transportation	0	0	5,519	(147)
Central	63,327	(61,527)	37,693	(35,893)
Operation of Non-Instructional Services	200	(200)	0	0
Capital Outlay	650	(650)	292,749	(292,749)
Total Disbursements	<u>\$10,059,465</u>	<u>(\$5,760,838)</u>	<u>\$10,077,597</u>	<u>(\$6,214,657)</u>

The Government's Funds

Information regarding the Service Center's major funds starts on page 12. These funds are accounted for using the cash basis of accounting. All governmental funds had total receipts of \$9,850,361 and total disbursements of \$10,059,465. The net change in governmental fund balance for the year was most significant in the general fund which had a decrease due to an increase in administration disbursements from two new administrators added to payroll.

Capital Assets

The Service Center maintains a listing of its capital assets. These records are not required to be presented in the financial statements.

Ashtabula County Educational Service Center

Management's Discussion and Analysis

For the Year Ended June 30, 2013

Unaudited

Current Issues

The Service Center continues to be financially stable and is able to continue to offer the programs needed to enrich and service the various school districts. The Board and Administration closely monitor its receipts and disbursements in accordance with Board policy. The Service Center is committed to serving its local and city school districts.

While many outside factors can and will affect the economy, the Service Center is committed to provide the best services possible and to be fiscally responsible now and in the future. The Service Center is constantly evaluating its programs and expanding where it can to provide cost effective services to school districts. If the Service Center does not provide efficiency, there is no reason for a school district to contract with them.

Contacting the Government's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Service Center's finances and to show the Service Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mary Gillespie, Treasurer at the Ashtabula County Educational Service Center, 4200 State Road, Ashtabula, Ohio 44004.

Ashtabula County Educational Service Center

Statement of Net Position - Cash Basis

June 30, 2013

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,951,321</u>
Net Position	
Restricted for Other Purposes	\$77,538
Unrestricted	<u>1,873,783</u>
<i>Total Net Position</i>	<u>\$1,951,321</u>

See accompanying notes to the basic financial statements

Ashtabula County Educational Service Center

*Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2013*

	Program Cash Receipts			Net Receipts (Disbursements) and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$167,532	\$57,923	\$6,708	(\$102,901)
Special	3,065,863	1,134,393	629,297	(1,302,173)
Adult/Continuing	140,320	38,675	104,866	3,221
Student Intervention Services	557,712	584,689	0	26,977
Support Services:				
Pupil	2,253,003	335,991	242,520	(1,674,492)
Instructional Staff	2,246,594	227,035	422,979	(1,596,580)
Board of Education	24,081	2,589	0	(21,492)
Administration	1,003,541	74,163	298,424	(630,954)
Fiscal	302,296	76,749	15,626	(209,921)
Operation and Maintenance of Plant	234,346	34,669	9,531	(190,146)
Central	63,327	0	1,800	(61,527)
Operation of Non-Instructional Services	200	0		(200)
Capital Outlay	650	0	0	(650)
Total	\$10,059,465	\$2,566,876	\$1,731,751	(5,760,838)
General Receipts				
				Grants and Entitlements not Restricted to Specific Programs
				5,462,941
				Unrestricted Contributions and Donations
				1,050
				Interest
				4,650
				Miscellaneous
				83,093
				Total General Receipts
				5,551,734
				Change in Net Position
				(209,104)
				Net Position Beginning of Year
				2,160,425
				Net Position End of Year
				\$1,951,321

See accompanying notes to the basic financial statements

Ashtabula County Educational Service Center
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2013

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,873,783</u>	<u>\$77,538</u>	<u>\$1,951,321</u>
Fund Balances			
Restricted	\$0	\$77,538	\$77,538
Assigned	45,741	0	45,741
Unassigned	<u>1,828,042</u>	<u>0</u>	<u>1,828,042</u>
<i>Total Fund Balances</i>	<u>\$1,873,783</u>	<u>\$77,538</u>	<u>\$1,951,321</u>

See accompanying notes to the basic financial statements

Ashtabula County Educational Service Center
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	IDEA Part-B	Other Governmental Funds	Total Governmental Funds
Receipts				
Intergovernmental	\$5,469,649	\$1,396,863	\$328,180	\$7,194,692
Interest	4,650	0	0	4,650
Tuition and Fees	937,765	0	71,438	1,009,203
Contributions and Donations	1,050	0	0	1,050
Charges for Services	1,557,493	0	0	1,557,493
Rentals	180	0	0	180
Miscellaneous	83,093	0	0	83,093
<i>Total Receipts</i>	<u>8,053,880</u>	<u>1,396,863</u>	<u>399,618</u>	<u>9,850,361</u>
Disbursements				
Current:				
Instruction:				
Regular	167,532	0	0	167,532
Special	2,455,675	515,808	94,380	3,065,863
Adult/Continuing	0	0	140,320	140,320
Student Intervention Services	557,027	685	0	557,712
Support Services:				
Pupil	2,012,337	190,826	49,840	2,253,003
Instructional Staff	1,821,853	349,700	75,041	2,246,594
Board of Education	24,081	0	0	24,081
Administration	710,076	291,127	2,338	1,003,541
Fiscal	281,050	15,244	6,002	302,296
Operation and Maintenance of Plant	225,785	0	8,561	234,346
Central	61,527	0	1,800	63,327
Operation of Non-Instructional Services	200	0	0	200
Capital Outlay	650	0	0	650
<i>Total Disbursements</i>	<u>8,317,793</u>	<u>1,363,390</u>	<u>378,282</u>	<u>10,059,465</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(263,913)</u>	<u>33,473</u>	<u>21,336</u>	<u>(209,104)</u>
Other Financing Sources (Uses)				
Advances In	66,535	24,109	1,454	92,098
Advances Out	(25,563)	(57,582)	(8,953)	(92,098)
<i>Total Other Financing Sources (Uses)</i>	<u>40,972</u>	<u>(33,473)</u>	<u>(7,499)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(222,941)	0	13,837	(209,104)
<i>Fund Balances Beginning of Year</i>	<u>2,096,724</u>	<u>0</u>	<u>63,701</u>	<u>2,160,425</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,873,783</u></u>	<u><u>\$0</u></u>	<u><u>\$77,538</u></u>	<u><u>\$1,951,321</u></u>

See accompanying notes to the basic financial statements

Ashtabula County Educational Service Center
Statement of Fiduciary Assets and Liabilities - Cash Basis
Agency Fund
June 30, 2013

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,690</u>
Liabilities	
Due to Others	<u>\$1,690</u>

See accompanying notes to the basic financial statements

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Note 1 - Reporting Entity

In 1963, the Ashtabula County Educational Service Center (the Service Center) was formed. The Service Center supplies special education, supervisory, administrative, fiscal and other needed services to area school districts in Ashtabula County. The Service Center operates under a locally-elected five-member governing board form of government and provides educational services as mandated by State or federal agencies to four local and two city school districts. The Board controls the Service Center's staff who provide services to over 15,275 students and other community members in Ashtabula County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading.

Primary Government

The primary government of the Service Center consists of all funds, departments, boards, and agencies that are not legally separate from the Service Center. For the Service Center, this includes the agencies and departments that provide the following services: general operations and related special education, supervisory, administrative and fiscal activities of the Service Center.

Component Units

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

Other Organizations

The Service Center participates in two jointly governed organizations, two insurance purchasing pools and one risk sharing pool. These organizations are the North East Ohio Management Information Network, the Ashtabula County Career and Technical Center, the Ohio School Plan, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan and the Ashtabula County Schools Council of Governments. These organizations are presented in Notes 12 and 13 to the basic financial statements.

The Service Center's management believes these financial statements present all activities for which the Service Center is financially accountable.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

(GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

Basis of Presentation

The Service Center's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Service Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Service Center that are governmental and those that are considered business-type. The Service Center, however, has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balance of the governmental activities of the Service Center at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the Service Center's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Service Center's general receipts.

Fund Financial Statements During the fiscal year, the Service Center segregates transactions related to certain Service Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Service Center at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The Service Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Service Center are divided into two categories, governmental and fiduciary.

Governmental Funds The Service Center classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Service Center's only major funds are the general fund and IDEA Part-B special revenue fund.

General Fund The general fund is used to account and report for all financial resources, except those required to be accounted for and reported in another fund. The general fund balance is available to the Service Center for any purpose provided it is expended or transferred according to the general laws of Ohio.

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

IDEA Part-B Fund The IDEA Part-B fund accounts for and reports Federal monies restricted to assist schools in the identification of handicapped children, development of procedural safeguards, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

The other governmental funds of the Service Center account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Fiduciary Funds The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Service Center under a trust agreement for individuals, private organizations, or other governments and are not available to support the Service Center's own programs. The Service Center has no trust funds. Agency funds are custodial in nature. The Service Center's agency fund accounts for the payment to the School Employees Retirement System.

Basis of Accounting

The Service Center's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Service Center's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Service Center are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Cash and Investments

To improve cash management, cash received by the Service Center is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Service Center records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the Service Center's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Service Center are presented on the financial statements as cash equivalents.

During fiscal year 2013, the Service Center invested in a nonnegotiable certificate of deposit and STAR Ohio. Nonparticipating investment contracts such as nonnegotiable certificates of deposits are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold at June 30, 2013.

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the general fund during fiscal year 2013 was \$4,650, which included \$185 assigned from other Service Center funds.

Inventory and Prepaid Items

The Service Center reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Interfund Receivables/Payables

The Service Center reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Service Center recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Service Center's cash basis financial statements do not report liabilities for long-term obligations. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for federal and state grants restricted to cash disbursement for specified purposes. The Service Center's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Service Center is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Service Center Governing Board. Those committed amounts cannot be used for any other purpose unless the Service Center Governing Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Service Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Service Center Governing Board. In the general fund, assigned amounts represent intended uses established by policies of the Service Center Governing Board or by State Statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Service Center applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the Service Center to prepare its annual financial report in accordance with generally accepted accounting principles. However, the Service Center prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time.

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Note 4 – Fund Balance

Fund balance is classified as nonspendable, restricted, committed, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Other Governmental Funds	Total
<i>Restricted for</i>			
Instructional Staff	\$0	\$30,054	\$30,054
Latchkey	0	33,528	33,528
Bus Driver Training	0	12,595	12,595
Special Education	0	1,361	1,361
<i>Total Restricted</i>	0	77,538	77,538
<i>Assigned to</i>			
Purchases on order	45,741	0	45,741
<i>Unassigned</i>	1,828,042	0	1,828,042
<i>Total Fund Balances</i>	\$1,873,783	\$77,538	\$1,951,321

Note 5 – Deposits and Investments

Monies held by the Service Center are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Service Center treasury. Active monies must be maintained either as cash in the Service Center 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 has identified as not required for use within the current five 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 or deposit accounts including passbook accounts.

Interim monies held by the Service Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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, Federal National

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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 securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the Service Center will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$453,783 of the Service Center's bank balance of \$1,453,783 was uninsured and uncollateralized. A third party custodian holds the collateral in a pool, and the uninsured deposits covered by the pool would not be exposed to custodial credit risk because the collateral is held by the government's agent in the government's name.

The Service Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Service Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2013, the Service Center had STAR Ohio as the only investment with an amount of \$649,444 and a maturity of 57.5 days. The investment is in an internal investment pool.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Service Center has no investment policy that addresses credit risk.

Note 6 – State Funding

The Service Center, under State law, provides supervisory services to local school districts within its territory. Each city, local and exempted village school district that entered into an agreement with the

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Service Center is considered to be provided supervisory services. The cost of the supervisory services is determined by formula under State law. The State Department of Education apportions the costs for all supervisory services among the Service Center's city, local and exempted school districts based on each school's total student count. The Department of Education deducts each school district's amount from their State Foundation Program settlements and remits the amount to the Service Center. The Service Center may provide additional supervisory services if the majority of local and client school districts agree to the services and the apportionment of the costs to all of the client school districts.

The Service Center also receives funding from the State Department of Education in the amount of \$37.17 times the average daily membership of the Service Center. Average daily membership includes the total student counts of all local school districts within the Service Center's territory and all of the Service Center's client school districts. This amount is paid from State resources. The State Department of Education also deducts from the State Foundation Program settlement of each of the Service Center's local and client school districts an amount equal to \$12.00 times the school district's total student count and remits this amount to the Service Center.

Due to provisions in the State budget bill, the per pupil funding in the permanent section of law did not apply to fiscal years 2012 and 2013. Instead, ESC's received percentage of the funding they received the previous year. For fiscal year 2013, ESC's received 85 percent of the funding they received in fiscal year 2012.

The Service Center may contract with city, exempted village, local, joint vocational or cooperative education school districts to provide special education and related services or career-technical education services. The individual boards of education pay the costs for these services directly to the Service Center.

Note 7 - Risk Management

Property and Liability

The Service Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the Service Center joined together with other Service Centers in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool to obtain liability coverage. Each individual school district enters into an agreement with the OSP and its premium is based on the types of coverage and limits of coverage, and deductibles that it selects. The Service Center contracted with OSP for general liability with a \$1,000,000 per occurrence and \$3,000,000 aggregate and for errors and omissions with a \$1,000,000 per occurrence and \$3,000,000 aggregate.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

Workers' Compensation

The Service Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Service Center by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories.

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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. 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 Sheakley UniService provides administrative, cost control, assistance with safety programs and actuarial services to the GRP.

Employee Medical Benefits

The Service Center participates in the Ashtabula County Schools Council of Governments, a risk sharing pool (Note 13) to provide employee medical/surgical, prescription drug, dental and vision benefits. Rates are set through an annual calculation process. The Service Center pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The Service Center's Board pays the entire cost of a monthly premium for all full-time employees.

Note 8 - Defined Benefit Pension Plans

School Employee Retirement System

Plan Description – The Service Center participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Service Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The Service Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$185,866, \$192,568 and \$183,204, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

State Teachers Retirement System

Plan Description – The Service Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. 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 can 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 Web site at www.strsoh.org.

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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 multiplied by 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 DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of 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.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The Service Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The Service Center's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$575,797 and \$7,251 for the fiscal year ended June 30, 2013, \$556,374 and \$10,696 for the fiscal year ended June 30, 2012, and \$556,194 and \$10,143 for the fiscal year ended June 30, 2011. The full amount has been contributed for fiscal years 2013, 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2013 were \$3,237 made by the Service Center and \$2,312 made by the plan members. In addition, member contributions of \$5,179 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

Note 9 - Postemployment Benefits

School Employee Retirement System

Plan Description – The Service Center participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 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 fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the Service Center paid \$29,270 in surcharge.

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 Service Center's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$37,320, \$38,665 and \$38,161, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.74 percent of covered payroll. The Service Center's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011, were \$10,976, \$11,372 and \$11,790, respectively; 100 percent has been contribution for fiscal years 2013, 2012 and 2011.

State Teachers Retirement System

Plan Description – The Service Center participates in the cost-sharing multiple-employer defined benefit Health 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. Ohio law authorizes STRS to offer this plan. 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 can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The Service Center's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$44,850, \$43,621 and \$43,564, respectively. The full amount has been contributed for fiscal years 2013, 2012 and 2011.

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Note 10 - Interfund Balances

Unpaid Interfund Cash Advances	
<u>Owed to the General fund at June 30 from:</u>	
IDEA Part-B	\$24,109
Bus Driver Training	7,400
Local Grants	5,000
Title I	<u>1,454</u>
<i>Total All Funds</i>	<u><u>\$37,963</u></u>

These are expected to be repaid within one year.

Note 11 – Contingent Liabilities

Grants

Amounts grantor agencies pay to the Service Center are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Litigation

The Service Center is not party to legal proceedings.

Note 12 - Jointly Governed Organizations

North East Ohio Management Information Network

The North East Ohio Management Information Network (NEOMIN) is a jointly governed organization amount thirty Service Centers in Trumbull and Ashtabula Counties. The jointly governed 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 Service Centers. Each of the districts supports NEOMIN based upon a per pupil charge. The Service Center paid \$14,000 to NEOMIN during fiscal year 2013.

The Governing Board consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating Service Centers, three superintendents from Trumbull County participating Service Centers, and a principal and treasurer (non-voting members who must be employed by a participating Service Center, the fiscal agent or NEOMIN). The degree of control exercised by a participating Service Center is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Ashtabula County Career and Technical Center

The Ashtabula County Career and Technical Center (CTC) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The CTC is operated under the direction of a Board consisting of one representative from each of the participating School Districts' elected boards. The degree of control exercised by the Service Center is limited to its representation on the Board. The Board is its own budgeting and taxing authority. The Service Center made no contributions for fiscal year 2013. Financial information can be obtained from Mary Ann Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.

Note 13 – Public Entity Risk Pools

Insurance Purchasing Pools

Ohio School Plan The Service Center participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of Service Center superintendents and treasurers, as well as the as president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool. The Executive Director of the OASBO, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Risk Sharing Pool

Ashtabula County Schools Council of Governments The Service Center has contracted with the Ashtabula County Schools Council of Governments to provide employee medical/surgical, prescription drug, dental and vision benefits. The Ashtabula County Schools Council of Governments is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County school districts. Rates are set by the Ashtabula County Schools Council of Governments board of directors. The Service Center pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. Ashtabula County Schools Council of Governments is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council of Governments. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the Service Center. The Service Center is not liable nor receives a cash balance of past claims upon departure from the pool.

Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Note 14 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$45,741
IDEA Part-B	51,768
Other Governmental Funds	<u>8,739</u>
Total	<u><u>\$106,248</u></u>

Note 15 – Change in Accounting Principles

For fiscal year 2013, the Service Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 61, “The Financial Reporting Entity: Omnibus—an amendment of GASB Statement No. 14 and 34,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” and Statement No. 66, “Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. These changes were incorporated in the Service Center’s financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the Service Center’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the Service Center’s financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the Service Center’s financial statements.

Supplemental Information

Ashtabula County Educational Service Center
Schedule of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental			\$5,469,649	
Interest			4,650	
Tuition and Fees			937,765	
Contributions and Donations			1,050	
Charges for Services			1,557,493	
Rentals			180	
Miscellaneous			83,093	
<i>Total Receipts</i>			<u>8,053,880</u>	
Disbursements				
Current:				
Instruction:				
Regular	60,139	177,062	170,831	6,231
Special	2,733,768	2,521,816	2,456,654	65,162
Student Intervention Services	411,113	561,058	557,027	4,031
Support Services:				
Pupil	2,085,627	2,074,598	2,017,730	56,868
Instructional Staff	1,976,368	1,879,353	1,845,732	33,621
Board of Education	50,176	49,157	24,698	24,459
Administration	711,775	777,574	715,071	62,503
Fiscal	307,582	298,504	281,820	16,684
Operation and Maintenance of Plant	342,006	314,921	231,544	83,377
Central	48,130	67,802	61,577	6,225
Operation of Non-Instructional Services	0	200	200	0
Capital Outlay	2,323	650	650	0
<i>Total Disbursements</i>	<u>8,729,007</u>	<u>8,722,695</u>	<u>8,363,534</u>	<u>359,161</u>
<i>Excess of Receipts Under Disbursements</i>			<u>(309,654)</u>	
Other Financing Sources (Uses)				
Advances In			66,535	
Advances Out			(25,563)	
<i>Total Other Financing Sources (Uses)</i>			<u>40,972</u>	
<i>Net Change in Fund Balance</i>			(268,682)	
<i>Fund Balance Beginning of Year</i>			2,015,514	
Prior Year Encumbrances Appropriated			81,210	
<i>Fund Balance End of Year</i>			<u>\$1,828,042</u>	

See accompanying notes to the supplemental information

Supplemental Information

Ashtabula County Educational Service Center

Schedule of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

IDEA Part-B Fund

For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental			\$1,396,863	
Disbursements				
Current:				
Instruction:				
Special	1,448,999	683,025	558,274	124,751
Student Intervention Services	184	967	685	282
Support Services:				
Pupil	75,201	234,754	196,877	37,877
Instructional Staff	51,155	371,228	352,337	18,891
Administration	56,323	324,442	291,741	32,701
Fiscal	0	15,244	15,244	0
<i>Total Disbursements</i>	<u>1,631,862</u>	<u>1,629,660</u>	<u>1,415,158</u>	<u>214,502</u>
<i>Excess of Receipts Under Disbursements</i>			<u>(18,295)</u>	
Other Financing Sources (Uses)				
Advances In			24,109	
Advances Out			<u>(57,582)</u>	
<i>Total Other Financing Sources (Uses)</i>			<u>(33,473)</u>	
<i>Net Change in Fund Balance</i>			(51,768)	
<i>Fund Balance (Deficit) Beginning of Year</i>			(43,232)	
Prior Year Encumbrances Appropriated			<u>43,232</u>	
<i>Fund Balance Deficit End of Year</i>			<u><u>(\$51,768)</u></u>	

See accompanying notes to the supplemental information

Ashtabula County Educational Service Center

*Notes to the Supplemental Information
For the Fiscal Year Ended June 30, 2013*

Note 1 – Budgetary Basis of Accounting

Budgetary Process

The Service Center is no longer required under State statute to file budgetary information with the State Department of Education. However, the Service Center's Board does follow the budgetary process for control purposes. This is done by adopting an annual appropriation resolution which is the Board's authorization to spend resources. The resolution sets annual limits on disbursements plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the fund level for all funds. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Budgetary Basis of Accounting

The Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis for the general fund and the IDEA Part-B special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) in the general and IDEA Part-B special revenue funds were \$45,741 and \$51,768; respectively.

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER
ASHTABULA COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPT AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States IDEA Part B	6B-SF-12 6B-SF-13	84.027	\$ 128,982 <u>1,316,100</u>	\$ 95,898 <u>1,267,492</u>
Sub-Total - IDEA, Part B			<u>1,445,082</u>	<u>1,363,390</u>
Early Childhood Special Education, IDEA	PS-S1-12	84.173	605	102
Early Childhood Special Education, IDEA	PS-S1-13		<u>24,763</u>	<u>24,763</u>
Sub-Total Early Childhood Special Education, IDEA			<u>25,368</u>	<u>24,865</u>
Total - Special Education Cluster			<u>1,470,450</u>	<u>1,388,256</u>
Title I - Delinquent				
Title I Delinquent	2012	84.010	29,222	29,717
Title I Delinquent	2013		<u>67,508</u>	<u>66,053</u>
Total Title I Delinquent			<u>96,730</u>	<u>95,770</u>
Race to the Top	2013	84.395	<u>27,262</u>	<u>8,200</u>
Improving Teachers Quality	2013	84.367	<u>22,948</u>	<u>22,500</u>
Total Ohio Department of Education			<u>\$ 1,617,390</u>	<u>\$ 1,514,726</u>

The accompanying notes to this schedule are an integral part of this schedule.

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER
ASHTABULA COUNTY**

**NOTE TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Service Center's federal award programs. The Schedule has been prepared on the cash basis of accounting.



Dave Yost • Auditor of State

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

Ashtabula County Educational Service Center
Ashtabula County
4200 State Road
Ashtabula, Ohio 44004

To the Governing Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Ashtabula County Educational Service Center, Ashtabula County, (the Service Center) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Service Center's basic financial statements and have issued our report thereon dated December 24, 2013, wherein we noted the Service Center uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Service Center's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Service Center's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Service Center's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Service Center'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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

Entity's Response to Findings

The Service Center's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Service Center's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Service Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Service Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

December 24, 2013



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Ashtabula County Educational Service Center
Ashtabula County
4200 State Road
Ashtabula, Ohio 44004

To the Governing Board:

Report on Compliance for Each Major Federal Program

We have audited the Ashtabula County Educational Service Center's (the Service Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Ashtabula County Educational Service Center's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of finding identifies the Service Center's major federal program.

Management's Responsibility

The Service Center's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Service Center's compliance for each of the Service Center's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Service Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Service Center's major program. However, our audit does not provide a legal determination of the Service Center's compliance.

Opinion on the Major Federal Program

In our opinion, the Ashtabula County Educational Service Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The Service Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Service Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Service Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

December 24, 2013

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: IDEA Part B (CFDA No. 84.027); I Early Childhood IDEA (CFDA No. 84.173);
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

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

FINDING NUMBER 2013-001

Noncompliance

Annual Financial Report

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on a form utilized by the public office. Ohio Administrative Code § 117-2-03 (B) further clarifies the requirements of the Ohio Revised Code § 117.38.

Ohio Administrative Code § 117-2-03 (B) requires the Service Center to prepare its financial report in accordance with accounting principles generally accepted in the United States of America. However, the Service Center prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

Official's Response:

The Governing Board, Superintendent and Treasurer do not feel it is cost effective and efficient to prepare the conversion and future reporting needs. Therefore, we chose to report under the new standards of Other Comprehensive Basis of Accounting (OCBOA).

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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NONE

**ASHTABULA COUNTY EDUCATION SERVICE CENTER
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-01	Ohio Administrative Code § 117-2-03 (B) requires the Service Center to prepare its financial report in accordance with generally accepted accounting principles	No, the Service Center has filed its financial report under the Other Cash Basis of Accounting. Repeated as citation 2013-001.	The Governing Board, Superintendent and Treasurer do not feel it is cost effective and efficient to prepare the conversion and future reporting needs. Therefore, we chose to report under the new standards of Other Comprehensive Basis of Accounting (OCBOA).

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Dave Yost • Auditor of State

ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER

ASHTABULA 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 9, 2014