JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2000 - 1999

JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Educational Service Center
Jefferson County
2023 Sunset Boulevard
Steubenville, Ohio 43952

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Educational Service Center, Jefferson County, (the Center) as of and for the years ended June 30, 2000 and June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Center, as of June 30, 2000 and June 30, 1999, and the results of its operations and the cash flows of its proprietary and similar fiduciary fund types for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2000 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

December 29, 2000

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JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

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

	Governmental Fund Types		
	General	**Special Revenue**	**Capital Projects**
ASSETS AND OTHER DEBITS			
Assets:			
Equity in pooled cash and cash equivalents	$515,755	$943,045	$1,000
Equity in pooled cash and cash equivalents - nonexpendable trust fund			
Cash with fiscal agent			
Cash and investments in segregated accounts			
Receivables (net of allowances for uncollectibles):			
Accounts	2,493		
Accrued interest	2,142		
Interfund loans			
Due from other governments	47,545	15,108	
Prepayments	5,036		
Materials and supplies inventory	1,221		
Property, plant and equipment (net of accumulated depreciation where applicable)			
Other Debits:			
Amount to be provided for retirement of general long-term obligations			
Total assets and other debits	**574,192**	**958,153**	**1,000**
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts payable	2,631	41	
Accrued wages and benefits.	159,312	1,999	
Compensated absences payable.	12,203		
Pension obligation payable	19,243		
Interfund loans payable			
Claims payable			
Total liabilities	193,389	2,040	
Equity and Other Credits:			
Investment in general fixed assets			
Amount available for individual investment account participants			
Retained earnings: unreserved			
Fund balances:			
Reserved for encumbrances	118,357	223,566	
Reserved for materials and supplies inventory	1,221		
Reserved for prepayments	5,036		
Reserved for principal endowment.			
Unreserved-undesignated	256,189	732,547	1,000
Total equity and other credits	380,803	956,113	1,000
Total liabilities, equity and other credits	**$574,192**	**$958,153**	**$1,000**

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

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		
Internal Service	Nonexpendable Trust	General Fixed Assets	General Long-Term Obligations	Total (Memorandum Only)
$230,758	$295,638			$1,986,196
	12,902			12,902
26,453				26,453
	12,421,625			12,421,625
				2,493
	69,977			72,119
	1,256			1,256
85,789				148,442
				5,036
				1,221
		$41,032		41,032
			$142,162	142,162
343,000	**12,801,398**	**41,032**	**142,162**	**14,860,937**
63				2,735
				161,311
			140,461	152,664
			1,701	20,944
1,256				1,256
70,552				70,552
71,871			142,162	409,462
		$41,032		41,032
	12,788,438			12,788,438
271,129				271,129
				341,923
				1,221
				5,036
	12,960			12,960
				989,736
271,129	12,801,398	41,032		14,451,475
$343,000	**$12,801,398**	**$41,032**	**$142,162**	**$14,860,937**

JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types			
	General	**Special Revenue**	**Capital Projects**	**Total (Memorandum Only)**
Revenues:				
From local sources:				
Services provided to other entities	$463,201			$463,201
Earnings on investments	46,079			46,079
Other local revenues	4,471			4,471
Other revenue	2,283			2,283
Intergovernmental - State	1,512,658	$325,555	$1,000	1,839,213
Intergovernmental - Federal	123,038	743,714		866,752
Total revenue	2,151,730	1,069,269	1,000	3,221,999
Expenditures:				
Current:				
Instruction:				
Regular	83,074	55,976		139,050
Special	275,906			275,906
Other	4,400	66,144		70,544
Support services:				
Pupil	880,866	1,950		882,816
Instructional staff	563,978	57,432		621,410
Board of Education	13,724			13,724
Administration	366,712	7,787		374,499
Fiscal	110,620	5,906		116,526
Operations and maintenance	3,536			3,536
Pupil transportation	5,337			5,337
Central	42,481	14,550		57,031
Total expenditures	2,350,634	209,745		2,560,379
Excess of revenues over (under) expenditures	(198,904)	859,524	1,000	661,620
Other financing (uses):				
Pass through payments		(501,446)		(501,446)
Total other financing (uses)		(501,446)		(501,446)
Excess of revenues and other financing sources over (under) expenditures and other uses	(198,904)	358,078	1,000	160,174
Fund balances, July 1	578,989	598,035		1,177,024
Increase in reserve for inventory	718			718
Fund balances, June 30	**$380,803**	**$956,113**	**$1,000**	**$1,337,916**

The notes to the general-purpose financial statements are an integral part of this statement

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JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Services provided to other entities	$449,233	$513,342	$64,109			
Earnings on investments	40,000	46,028	6,028			
Other local revenues	1,653	1,653				
Other revenue	42,963	43,676	713			
Intergovernmental - State	1,537,154	1,512,658	(24,496)	$326,998	$310,447	($16,551)
Intergovernmental - Federal	90,000	123,038	33,038	436,636	743,714	307,078
Total revenues	2,161,003	2,240,395	79,392	763,634	1,054,161	290,527
Expenditures:						
Current:						
Instruction:						
Regular	44,681	81,026	(36,345)	237,659	54,130	183,529
Special	281,282	271,125	10,157			
Other	4,400	4,400		76,211	66,144	10,067
Support services:						
Pupil	820,953	819,079	1,874	4,956	1,950	3,006
Instructional staff	612,880	606,561	6,319	93,065	57,643	35,422
Board of Education	15,050	13,716	1,334			
Administration	404,782	486,047	(81,265)	7,778	7,764	14
Fiscal	113,381	114,076	(695)	6,894	5,926	968
Operations and maintenance	3,413	3,126	287			
Pupil transportation	5,271	5,321	(50)			
Central	10,936	15,554	(4,618)	714,958	241,558	473,400
Total expenditures	2,317,029	2,420,031	(103,002)	1,141,521	435,115	706,406
Excess (deficiency) of revenues over (under) expenditures	(156,026)	(179,636)	(23,610)	(377,887)	619,046	996,933
Other financing sources (uses):						
Refund of prior year's expenditures	1,960	2,616	656			
Refund of prior year's revenues	(120)	(49,554)	(49,434)			
Advances in	2,978	2,978				
Advances (out)				(2,978)	(2,978)	
Pass through payments				(190,595)	(501,446)	(310,851)
Total other financing sources (uses)	4,818	(43,960)	(48,778)	(193,573)	(504,424)	(310,851)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(151,208)	(223,596)	(72,388)	(571,460)	114,622	686,082
Fund balance, July 1	575,317	575,317		596,143	596,143	
Prior year encumbrances appropriated	44,378	44,378		8,673	8,673	
Fund balance, June 30	**$468,487**	**$396,099**	**($72,388)**	**$33,356**	**$719,438**	**$686,082**

The notes to the general-purpose financial statements are an integral part of this statement

Capital Projects			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
			$449,233	$513,342	$64,109
			40,000	46,028	6,028
			1,653	1,653	
			42,963	43,676	713
$1,000	$1,000		1,865,152	1,824,105	(41,047)
			526,636	866,752	340,116
1,000	1,000		2,925,637	3,295,556	369,919
			282,340	135,156	147,184
			281,282	271,125	10,157
			80,611	70,544	10,067
			825,909	821,029	4,880
			705,945	664,204	41,741
			15,050	13,716	1,334
			412,560	493,811	(81,251)
			120,275	120,002	273
			3,413	3,126	287
			5,271	5,321	(50)
			725,894	257,112	468,782
			3,458,550	2,855,146	603,404
1,000	1,000		(532,913)	440,410	973,323
			1,960	2,616	656
			(120)	(49,554)	(49,434)
			2,978	2,978	
			(2,978)	(2,978)	
			(190,595)	(501,446)	(310,851)
			(188,755)	(548,384)	(359,629)
1,000	1,000		(721,668)	(107,974)	613,694
			1,171,460	1,171,460	
			53,051	53,051	
$1,000	**$1,000**		**$502,843**	**$1,116,537**	**$613,694**

JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	Proprietary Fund Type	Fiduciary Fund Type	
	Internal Service	**Nonexpendable Trust**	**Total (Memorandum Only)**
Operating revenues:			
Sales/charges for services	$1,804,770		$1,804,770
Investment earnings		$616	616
Total operating revenues	1,804,770	616	1,805,386
Operating expenses:			
Contract services	1,369,528		1,369,528
Materials and supplies	2,394		2,394
Claims expense	354,457		354,457
Other operating expenses	27,711	500	28,211
Total operating expenses	1,754,090	500	1,754,590
Operating income	50,680	116	50,796
Nonoperating revenues:			
Interest revenue	5,081		5,081
Total nonoperating revenues	5,081		5,081
Net income	55,761	116	55,877
Retained earnings/fund balance at July 1	215,368	12,844	228,212
Retained earnings/fund balance at June 30	**$271,129**	**$12,960**	**$284,089**

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

JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	Proprietary Fund Type	Fiduciary Fund Type	
	Internal Service	**Nonexpendable Trust**	**Total (Memorandum Only)**
Cash flows from operating activities:			
Cash received from sales/charges for services	$1,718,981		$1,718,981
Cash payments for contract services	(1,369,528)		(1,369,528)
Cash payments for materials and supplies	(2,331)		(2,331)
Cash payments for claims	(356,542)		(356,542)
Cash payments for other expenses	(27,711)	($500)	(28,211)
Net cash used in operating activities	(37,131)	(500)	(37,631)
Cash flows from investing activities:			
Interest received	5,081	606	5,687
Net cash provided by investing activities	5,081	606	5,687
Net increase (decrease) cash and cash equivalents	(32,050)	106	(31,944)
Cash and cash equivalents at beginning of year	289,261	12,796	302,057
Cash and cash equivalents at end of year	**$257,211**	**$12,902**	**$270,113**
Reconciliation of operating income to net cash used in operating activities:			
Operating income	$50,680	$116	$50,796
Adjustments to reconcile operating income to net cash used in operating activities:			
Interest reported as operating income		(616)	(616)
Changes in assets and liabilities:			
Decrease in due to other governments	(85,789)		(85,789)
Increase in accounts payable	63		63
Decrease in claims payable	(2,085)		(2,085)
Net cash used in operating activities	**($37,131)**	**($500)**	**($37,631)**

The notes to the general-purpose financial statements are an integral part of this statement.

JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

STATEMENT OF CHANGES IN NET ASSETS
INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

	Fiduciary Fund Type
	Investment Trust
Operations:	
Net investment income	$706,666
Net decrease in net assets due to operating activities	(2,217,807)
Decrease from operating transactions	(1,511,141)
Capital transactions:	
Proceeds of investments sold	98,991,756
Purchase of investments	(97,359,000)
Change in fair market value of investments	(28,757)
Increase from capital transactions	1,603,999
Total increase in net assets	92,858
Net assets at July 1	12,695,580
Net assets at June 30	**$12,788,438**

The notes to the general-purpose financial statements are an integral part of this statement.

JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

STATEMENT OF NET ASSETS
INVESTMENT TRUST FUNDS
JUNE 30, 2000

	Fiduciary Fund Type
	Investment Trust
Assets:	
Cash and cash equivalents	$12,717,263
Interfund loans receivable	1,256
Accrued interest receivable	69,919
Total assets	**$12,788,438**
Net assets available to participants	**$12,788,438**

The notes to the general-purpose financial statements are an integral part of this statement.

JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	Governmental Fund Types		Proprietary Fund Type
	General	**Special Revenue**	**Internal Service**
ASSETS AND OTHER DEBITS			
Assets:			
Equity in pooled cash and cash equivalents	$619,695	$604,816	$157,488
Equity in pooled cash and cash equivalents - nonexpendable trust fund			
Cash with fiscal agent			131,773
Cash and investments in segregated accounts			
Receivables (net of allowances for uncollectibles):			
Accounts	3,674		
Accrued interest	2,091		
Interfund loans	2,978		
Due from other governments	137,696		
Prepayments	4,372		
Materials and supplies inventory	503		
Property, plant and equipment of accumbulated depreciation where applicable)			
Other Debits:			
Amount to be provided for retirement of general long-term obligations			
Total assets and other debits	771,009	604,816	289,261
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts payable	2,334	3,759	
Accrued wages and benefits	129,672	44	
Compensated absences payable	60,014		
Pension obligation payable			
Interfund loans payable		2,978	1,256
Claims payable			72,637
Total liabilities	192,020	6,781	73,893
Equity and Other Credits:			
Investment in general fixed assets			
Retained earnings: unreserved			215,368
Fund balances:			
Reserved for encumbrances	42,318	5,010	
Reserved for individual investment account participants			
Reserved for materials and supplies inventory	503		
Reserved for prepayments	4,372		
Reserved for principal endowment			
Unreserved-undesignated	531,796	593,025	
Total equity and other credits	578,989	598,035	215,368
Total liabilities, equity and other credits	$771,009	$604,816	$289,261

The notes to the general-purpose financial statements are an intergral part of this statement.

Fiduciary Fund Type	Account Groups		
Non-expendable Trust	General Fixed Assets	General Long-Term Obligations	Total (Memorandum Only)
$535,995			$1,917,994
12,796			12,796
			131,773
12,085,964			12,085,964
			3,674
72,413			74,504
1,256			4,234
			137,696
			4,372
			503
	$28,123		28,123
		$161,533	161,533
12,708,424	28,123	161,533	14,563,166
			6,093
			129,716
		$161,507	221,521
		26	26
			4,234
			72,637
		161,533	434,227
	28,123		28,123
			215,368
			47,328
12,695,580			12,695,580
			503
			4,372
12,844			12,844
			1,124,821
12,708,424	28,123		14,128,939
$12,708,424	$28,123	$161,533	$14,563,166

JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMETNAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	Governmental Fund Types		
	General	**Special Revenue**	**Total Memorandum Only)**
Revenues:			
From Local sources:			
Earnings on investments	$35,811		35,811
Other local revenues	720,383		720,383
Other revenues	82,253		82,253
Intergovernmental - State	1,479,046	346,118	1,825,164
Intergovernmental - Federal	80,074	148,378	228,452
Total revenue	2,397,567	494,496	2,892,063
Expenditures:			
Current:			
Instruction:			
Regular	62,850	8,247	71,097
Special	254,247		254,247
Other	4,084	63,454	67,538
Support services:			
Pupil	741,623	81,472	823,095
Instructional staff	642,254	56,894	699,148
Board of Education	8,964		8,964
Administration	246,187	23,211	269,398
Fiscal	105,476	2,328	107,804
Pupil transporation	4,272		4,272
Central	14,224	35,915	50,139
Total expenditures	2,084,181	271,521	2,355,702
Excess of revenues over expenditures	313,386	222,975	536,361
Other financing sources (uses):			
Pass through payments		(48,616)	(48,616)
Total other financing sources (uses)		48,616	(48,616)
Excess of revnues and other financing sources over expenditures and other uses	313,386	174,359	487,745
Fund balances, July 1 (as restated)	265,519	423,676	689,195
Increase in reserve for inventory	84		84
Fund balances, June 30	$578,989	$598,035	$1,177,024

The notes to the general-purpose financial statements are an intergaral part of this statement.

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JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	General		
	Revised Budget	**Actual**	**Variance: Favorable (Unfavorable)**
Revenues:			
From local sources:			
Earnings on investments	$35,991	$35,991	
Other local revenues	683,518	683,518	
Other revenue	40,860	40,860	
Intergovernmental - State	1,484,799	1,484,799	
Intergovernmental - Federal	80,074	80,074	
Total revenues	2,325,242	2,325,242	
Expenditures:			
Current:			
Instruction:			
Regular	102,371	61,919	40,452
Special	263,903	250,279	13,624
Other	4,084	4,084	
Support services:			
Pupil	755,236	732,729	22,507
Instructional staff	731,256	609,910	121,346
Board of Education	14,694	8,969	5,725
Administration	360,539	283,960	76,579
Fiscal	106,468	103,307	3,161
Pupil transportation	4,273	4,273	
Central	14,224	14,224	
Total expenditures	2,357,048	2,073,654	283,394
Excess (deficiency) of revenues over (under) expenditures	(31,806)	251,588	283,394
Other financing sources (uses):			
Refund of prior year's expenditures	2,514	2,514	
Advances in	32,969	32,969	
Transfer (out)			
Advances (out)	(9,418)	(9,418)	
Pass through payments			
Total other financing sources (uses)	26,065	26,065	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(5,741)	277,653	283,394
Fund balance, July 1	265,864	265,864	
Prior year encumbrances appropriated	31,799	31,799	
Fund balance, June 30	**$291,922**	**$575,316**	**$283,394**

The notes to the geneal-purpose financial statements are an intergral part of this statement.

Special Revenue			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
			$35,991	$35,991	
			683,518	683,518	
			40,860	40,860	
$355,540	$355,540		1,840,339	1,840,339	
174,555	174,555		254,629	254,629	
530,095	530,095		2,855,337	2,855,337	
8,411	8,399	12	110,782	70,318	40,464
			263,903	250,279	13,624
79,594	63,572	16,022	83,678	67,656	16,022
83,474	81,471	2,003	838,710	814,200	24,510
75,991	55,941	20,050	807,247	665,851	141,396
			14,694	8,969	5,725
24,603	23,268	1,335	385,142	307,228	77,914
5,287	2,323	2,964	111,755	105,630	6,125
			4,273	4,273	
590,300	40,796	549,504	604,524	55,020	549,504
867,660	275,770	591,890	3,224,708	2,349,424	875,284
(337,565)	254,325	591,890	(369,371)	505,913	875,284
			2,514	2,514	
9,418	9,418		42,387	42,387	
(26,529)		26,529	(26,529)		26,529
(6,440)	(32,969)	(26,529)	(15,858)	(42,387)	(26,529)
(48,617)	(48,617)		(48,617)	(48,617)	
(72,168)	(72,168)		(46,103)	(46,103)	
(409,733)	182,157	591,890	(415,474)	459,810	875,284
413,425	413,425		679,289	679,289	
561	561		32,360	32,360	
$4,253	**$596,143**	**$591,890**	**$296,175**	**$1,171,459**	**$875,284**

JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETRAY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type	
	Internal Service	Nonexpendable Trust	Total (Memorandum Only)
Operating revenues:			
Sales/charges for services	$1,589,350		$1,589,350
Investment earnings		$714	714
Other operating revenues	172		172
Total operating revenues	1,589,522	714	1,590,236
Operating expenses:			
Contract services	1,473,595		1,473,595
Materials and supplies	11,824		11,824
Claims expense	272,814		272,814
Other operating expenses	23,617		23,617
Total operating expenses	1,781,850		1,781,850
Operating income (loss)	(192,328)	714	(191,614)
Nonoperating revenues:			
Interest revenue	7,235		7,235
Total nonoperating revenues	7,235		7,235
Net income (loss)	(185,093)	714	(184,379)
Retained earnings/fund balance at July 1	400,461	12,130	412,591
Retained earnings/fund balance at June 30	**$215,368**	**$12,844**	**$228,212**

The notes to the general-purpose financial statements are an integral part of this statement.

JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type	
	Internal Service	**Nonexpendable Trust**	**Total (Memorandum Only)**
Cash flows from operating activities:			
Cash received from sales/charges for services	$1,676,489		$1,676,489
Cash received from other operations	99		99
Cash payments for contract services	(1,473,595)		(1,473,595)
Cash payments for materials and supplies	(12,031)		(12,031)
Cash payments for claims	(260,696)		(260,696)
Cash payments for other expenses	(23,617)		(23,617)
Net cash used in operating activities	(93,351)		(93,351)
Cash flows from noncapital financing activities:			
Cash received from interfund loans	1,256		1,256
Net cash provided by noncapital financing activities	1,256		1,256
Cash flows from investing activities:			
Interest received	7,235	$666	7,901
Net cash provided by investing activities	7,235	666	7,901
Net increase (decrease) cash and cash equivalents	(84,860)	666	(84,194)
Cash and cash equivalents at beginning of year	374,121	12,130	386,251
Cash and cash equivalents at end of year	$289,261	$12,796	$302,057
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	($192,328)	$714	($191,614)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Interest reported as operating income		(714)	(714)
Changes in assets and liabilities:			
Decrease in due to other governments	87,066		87,066
Decrease in accounts payable	(207)		(207)
Increase in claims payable	12,118		12,118
Net cash used in operating activities	($93,351)		($93,351)

The notes to the general-purpse financial statments are an intergral part of this statement.

JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

STATEMENT OF CHANGES IN NET ASSETS
INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

	Fiduciary Fund Type
	Investment Trust
Operations:	
Net investment income	$616,371
Increase in net assets due to operating activity	93,358
Increase from operating transactions	709,729
Capital transactions:	
Proceeds of investments sold	(82,435,764)
Purchase of investments	81,792,000
Decrease from capital transactions	(643,764)
Total increase in net assets	65,965
Net assets at July 1	12,629,615
Net assets at June 30	**$12,695,580**

The notes to the general-purpose finacial statements are an integral part of this statement.

JEFFERSON EDUCATIONAL SERVICE CENTER
JEFFERSON COUNTY

STATEMENT OF NET ASSETS
INVESTMENT TRUST FUNDS
JUNE 30, 1999

	Fiduciary Fund Type
	Investment Trust
Assets:	
Cash and cash equivalents	$12,621,959
Interfund loans receivable	1,256
Accrued interest receivable	72,365
Total assets	**$12,695,580**
Net assets available to participants	**$12,695,580**

The notes to the general-purpose financial statements are an integral part of this statement.

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1. DESCRIPTION OF THE ENTITY

The Jefferson County Educational Service Center (the "Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Center is a county school district as defined by Section 3311.05 of the Ohio Revised Code. The Center operates under an elected Governing Board (five members) and provides no direct educational services to students. The following services are provided to the local school districts and city school districts under contract in Jefferson and Harrison counties:

Ohio Mid-Eastern Regional Educational Services Agency (OME-RESA)
Computer Services
Vocational Educational Services
General Instructional Services
Speech, Hearing and Language Services
Special Projects Coordination
Talented and Gifted Program
Special Educational Services
Psychological Services
Administrative Services
Developmental Handicapped and Disability Classroom Supervision

Average daily membership was 10,811 as of June 30, 2000 and 11,148 as of June 30, 1999. The Board employed 30 certified employees and 39 non-certified employees as of June 30, 2000 and 30 certified employees and 36 non-certified employees as of June 30, 1999.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general-purpose financial statements (GPFS) of the Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The Center's significant accounting policies are described below.

A. Reporting Entity

The Center's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement No. 14, management has considered all potential component units.

The reporting entity is required to be composed of the primary government, component units and other organizations that are included to ensure that the GPFS of the Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For the Center, this includes general operations, service related activities of the Center and OME-RESA Purchasing Services.

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organizations' governing board and 1) the Center is able to significantly influence the programs or services performed or provided by the organization; or 2) the Center is legally

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt or the levying of taxes. Based upon these criteria, the Center has no component units.

The Center is fiscal agent for the OME-RESA Self-Funded Insurance Program ("Program") and the OME-RESA "A" Site Computer Center ("Computer Center"). The Center is responsible for receiving and disbursing funds at the direction of schools participating in the Program and the Computer Center. These entities are legally separate from the Center. The Center is fiscal agent and custodian for these entities, but is not accountable; therefore, the operations of the Program and the Computer Center have been excluded from the Center's GPFS. The funds invested on behalf of the Program and the Computer Center have been included in the GPFS as investment trust funds.

Management believes the GPFS includes all of the funds of the Center over which the Center has the ability to exercise direct operating control.

The Center's operating facilities are owned by the Jefferson County Commissioners. The original construction of the facilities was partially paid for by an Appalachian Regional Commission Grant that required the building to be used for educational purposes. The County is responsible for all maintenance, utilities and insurance, except the Center's internal service funds pay one-half of the electric cost and the custodian costs.

The Center is associated with two organizations, one which is defined as a jointly governed organization and one as a public entity risk pool. These organizations are described due to their relationship to the Center:

Jointly Governed Organization

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

OME-RESA is a computer service organization whose primary function is to provide information technology services to its member school districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by the OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records, and test scoring.

The OME-RESA is one of twenty-three regional service organizations serving over 600 public school districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code, and their member school districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio school districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODE.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The OME-RESA is owned and operated by forty-nine member school districts in ten different Ohio counties. The member school districts are comprised of public school districts and county boards of education. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a board of directors which is selected by the member school districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the board of directors.

The OME-RESA is located at 2023 Sunset Blvd., Steubenville, Ohio 43952. The Center, and acts in the capacity of fiscal agent for OME-RESA.

Public Entity Risk Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

The Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

B. Fund Accounting

The accounts of the Center are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Center has the following fund types and account groups:

1. Governmental Funds

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

General Fund

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

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to expenditure for specified purposes.

Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

2. Proprietary Funds

Proprietary funds are used to account for the Center's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is the Center's proprietary fund type:

Internal Service Funds

The internal service funds are used to account for the financing of goods or services provided by one department or agency to governmental units, on a cost-reimbursement basis.

3. Fiduciary Funds

Fiduciary funds are used to account for assets held by the Center in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include a nonexpendable trust fund and investment trust funds. The nonexpendable trust fund and investment trust funds are accounted for on the accrual basis of accounting. A separate Statement of Changes in Net Assets and Statement of Net Assets are presented for the investment trust funds.

4. Account Groups

The Center maintains two account groups as described below:

General Fixed Assets Account Group

The general fixed assets account group is used to account for fixed assets acquired principally for general purposes other than those accounted for in proprietary funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

General Long-Term Obligations Account Group

The general long-term obligations account group is used to account for all unmatured long-term indebtedness of the Center that is not a specific liability of the proprietary fund.

C. Measurement Focus/Basis of Accounting

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

The proprietary funds, nonexpendable trust fund, and the investment trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of this fund is included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the Center is sixty days after the June 30 year end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements, and accounts.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary funds, nonexpendable trust fund, and investment trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Budgets

A County Educational Service Center (ESC) is required by State Statute, Ohio Revised Code Section 3317.11, to submit an annual budget of operating expenses to the State Board of Education for approval.

1. Appropriations for the ensuing year for a County ESC are prepared on forms furnished by the State Board of Education which certify the budget to the State, together with such other information as the State Board of Education may require. Said budget shall consist of two parts: Part (A) shall include the cost of the salaries, employers retirement contributions, and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

travel expenses of supervisory teachers approved by the State Board of Education. Part (B) shall include the cost of all other lawful expenditures of the County ESC. The State Board of Education shall review such budget and may approve, increase, or decrease such budget. A portion of the ESC's operating expenses are apportioned among the various districts in the county on the basis of the total number of pupils in each district and deducted from funds allocated to local districts under the school foundation program. The annual appropriation resolution is legally enacted by the ESC at the fund, function and object level of expenditures, which are the legal levels of budgetary control.

2. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the State Board of Education.

3. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.

4. Appropriation amounts are as originally adopted, or as amended by the Center through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. Supplemental appropriations were legally enacted by the Center during fiscal 2000 and during fiscal year 1999. The Combined Statements of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types present the final board approved appropriations at June 30, 2000 and at June 30, 1999.

5. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

Encumbrance accounting is utilized with Board funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year end, not recognized as accounts payable, appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 13 provides a reconciliation of the budgetary and GAAP basis of accounting.

E. Cash and Investments

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

During fiscal 2000 and during fiscal 1999, the Center's investments were limited to investments in non-negotiable certificates of deposits and U.S. Treasury Securities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Investments in U.S. Treasury Securities are reported at fair value. Fair value is based on quoted market prices. Investments in nonparticipating investment contracts, such as nonnegotiable certificates of deposits, are reported at cost.

Under existing Ohio statute all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Governing Board investment earnings are assigned to the general fund, the Self-Insurance internal service fund, (which is maintained by a fiscal agent in an interest bearing account separate from the Center's internal investment pool), the nonexpendable trust fund and the investment trust fund for which the Center is acting as fiscal agent. Interest revenue credited to the general fund during fiscal year 2000 amounted to $46,079 which includes $29,051 assigned from other Center funds. Interest revenue credited to the general fund during fiscal year 1999 amount to $35,811 which includes $21,690 assigned from other Center funds.

Based upon the reporting requirements of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the Center is sponsoring individual investment accounts for the Program and the Computer Center. The individual investment accounts represent monies invested by the Center on behalf of the Program and the Computer Center as their fiscal agent. During fiscal year 2000 and fiscal year 1999, the individual investment accounts consisted of investments in nonnegotiable certificates of deposit and U.S. Treasury Securities. The investment portfolios for the Program and the Computer Center are presented as investment trust funds in the Center's GPFS.

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

F. Interfund Transactions

During the course of normal operations, the Center may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers. The Center made no operating transfers in fiscal year 2000.

2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.

3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The Center had short-term interfund loans receivable and payable at June 30, 2000 and June 30, 1999.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The Center had no long-term advances receivable or payable at June 30, 2000 or June 30, 1999.

An analysis of interfund transactions is presented in Note 6.

G. Prepayments

Payments are made to vendors for services that will benefit periods beyond June 30, 2000 and June 30, 1999, and are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed. At period end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved for an amount equal to the carrying value of the asset.

H. Fixed Assets and Depreciation

Fixed assets used in governmental fund types of the Center are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The Center follows the capitalization policy of not capitalizing assets with a cost of less than $500 and a useful life of less than three years. The Center does not possess any infrastructure.

I. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than 60 days after year end are considered not to have been made with current available financial resources.

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

J. Compensated Absences

Compensated absences of the Center consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Center and the employee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In accordance with the provisions of GASB Statement No. 16 "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds are recorded as expenses when earned.

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Fund balances are reserved for encumbrances, materials and supplies inventory, principal endowment and prepayments. Although the nonexpendable trust fund uses the total economic resources measurement focus, the fund equity is reserved for the amount of principal endowment. Unreserved retained earnings for proprietary funds represent the net assets available for future operations.

L. Intergovernmental Revenues

In government funds, entitlements and non-reimbursable grants (similar to entitlements and shared revenues) are recorded as receivables and revenue when measurable and available (to the extent they are intended to finance the current fiscal year). Reimbursement type grants are recorded as receivables and revenue when the related expenditures are incurred. The Center currently participates in various state and federal programs categorized as follows:

Entitlements
General Fund
State Foundation Program

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Non-Reimbursable Grants

Special Revenue
Management Information Systems
Telecommunications Grant
Training Ohio's Parents
Alternative School
Ohio Department of Education/BCII Grant
Special Educational Transition Funding
Goals 2000 Project A.P.P.L.E.
Goals 2000 Technical Assistance
School to Work Project Brite Grant

Capital Projects
SchoolNet

Grants and entitlements amounted to approximately 54% of the Center's operating revenue during the 2000 fiscal year and 46% during the 1999 fiscal year.

M. Estimates

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N. Materials and Supplies Inventory

Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

O. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principal

The Center has implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," for its deferred compensation

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

plan though the Ohio Public Employees Deferred Compensation Plan (OPEDCP). Prior to June 30, 1999, the OPEDCP created a trust for the assets of the plan for which the Center has no fiduciary responsibility. Therefore, the balance of the OPEDCP deferred compensation plan of $436,912 was shown as a reduction in the deferred compensation agency fund.

B. Prior Period Adjustment

A prior period adjustment is required to properly report an “advance” made to another fund which was previously reported as a “transfer”. The advance results in an interfund loan balance at June 30, 1998. The prior period adjustment had the following effect on fund balances previously reported:

	General	Special Revenue
Fund balance as previously reported	$238,990	$450,205
Adjustment for interfund loan	26,529	(26,529)
Restated fund balance at July 1, 1998	$265,519	$423,676

4. STATE FUNDING

The Center is funded by the State Board of Education from State funds for the cost of Part (A) of the budget.

Part (B) of the budget is funded in the following way: $6.50 times the Average Daily Membership (ADM-the total number of pupils under the Center’s supervision) is apportioned by the State Board of Education from the participating school districts to which the Center provides services from payments made under the State’s foundation program. Simultaneously, $36.00 times the sum of the ADM is paid by the State Board of Education from State funds to the Center.

If additional funding is required and if a majority of the boards of education of the participating school districts approve, the cost of Part (B) of the budget that is in excess of $42.50 times ADM approved by the State Board of Education is apportioned to the participating school districts through reductions in their state foundation. The State Board of Education initiates and supervises the procedure by which the participating boards approve or disapprove the apportionment.

5. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

5. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

5. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

Cash with fiscal agent: The Center is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2000, was $26,453. The amount held at June 30, 1999, was $131,733

Cash and investments in segregated accounts: The cash and investments in segregated accounts relates to the OME-RESA Self-Funded Insurance Program. The balance is covered by federal depository insurance, by collateral held by the Jefferson County Educational Services Center, or by collateral held by a qualified third-party trustee in the name of the Center. The amount held in segregated accounts was $12,421,625 at June 30, 2000 and $12,085,964 at June 30, 1999.

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

Deposits: At June 30, 2000, the carrying amount of the Center's deposits was $1,999,098 (including non-negotiable certificates of deposit) and the bank balance was $2,420,955 (including non-negotiable certificates of deposit). The portion of the bank balance not reflected in the carrying amount included $49,969 in the payroll clearance account. Of the bank balance:

1. $200,000 was covered by federal deposit insurance; and

2. $2,220,955 was uninsured and unregistered because it was secured by collateral held by third party trustees pursuant to section 135.181, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being held in the name of the Center. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the Center to a successful claim by the FDIC.

The ESC had no investments at June 30, 2000.

At June 30, 1999, the carrying amount of the Center's deposits was $1,930,790 (including non-negotiable certificates of deposit) and the bank balance was $2,147,146 (including non-negotiable certificate of deposit. The portion of the bank balance not reflected in the carrying amount included $92,713 in the payroll clearance account. Of the bank balance:

1. $200,000 was covered by federal deposit insurance; and

5. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

2. $1,947,146 was uninsured and unregistered because it was secured by collateral held by third party trustees pursuant to section 135.181, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being help in the name of the Center. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the Center to a successful claim by the FDIC.

The ESC had no investments at June 30, 1999

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

	Cash and Cash Equivalents/ Deposits June 30, 2000	Cash and Cash Equivalents/ Deposits June 30, 1999
GASB Statement No. 9	$ 14,447,176	$ 14,148,527
Cash with fiscal agent	(26,453)	(131,773)
Cash and investments in segregated accounts	(12,421,625)	(12,085,964)
GASB Statement No. 3	$ 1,999,098	$ 1,930,790

6. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2000, consist of the following individual interfund loans receivable and/or payable:

	Interfund Receivable	Interfund Payable
Internal Service Funds		
Internal Service Rotary		$ 1,256
Investment Trust Funds		
OME-RESA Computer Center	1,256	
Total	$ 1,256	$ 1,256

Interfund balances at June 30, 1999, consist of the following individual interfund loans receivable and/or payable:

6. INTERFUND TRANSACTIONS (Continued)

	Interfund Receivable	Interfund Payable
General Fund	$ 2,978	
Special Revenue Funds		
School-to-Work		$ 2,978
Internal Service Funds		
Internal Service Rotary		1,256
Investment Trust Funds		
OME-RESA Computer Center	1,256	
Total	$ 4,234	$ 4,234

7. RECEIVABLES

Receivables at June 30, 2000 and June 30, 1999 consisted primarily of billed services that are provided to other school districts. These intergovernmental receivables have been reported as “Due From Other Governments” on the combined balance sheet. All receivables are considered collectible in full. A summary of the principle items of receivables follows:

	June 30, 2000	June 30, 1999
General Fund		
Due from other governments	$47,545	$137,696
Special Revenue Funds		
Due from other governments	15,108	
Internal Service Funds		
Due from other governments	85,789	

8. FIXED ASSETS

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

	Balance July 1, 1999	Additions	Disposals	Balance June 30, 2000
Furniture and equipment	$ 20,951	$12,909		$ 33,860
Vehicles	7,172			7,172
Total	$ 28,123	$ 12,909	$	$ 41,032

8. FIXED ASSETS (Continued)

A summary of the changes in general fixed assets account group during fiscal year 1999 follows:

	Balance July 1, 1998	Additions	Disposals	Balance June 30, 1999
Furniture and equipment	$ 20,151	$ 800		$ 20,951
Vehicles	7,172			7,172
Total	$ 27,323	$ 800	$	$ 28,123

9. GENERAL LONG-TERM OBLIGATIONS

During the year ended June 30, 2000, the following changes occurred in liabilities reported in the general long-term obligations account groups. Compensated absences will ultimately be paid from the fund from which the employee is paid.

For the Fiscal Year Ended June 30, 2000:

	Outstanding June 30, 1999	Additions	Disposals	Outstanding June 30, 2000
Pension obligation payable	$ 26	$ 1,701	$ (26)	$ 1,701
Compensated absences payable	161,507	117,594	(138,640)	140,461
Total	$ 161,533	$ 119,295	$ (138,666)	$ 142,162

For the Fiscal Year Ended June 30, 1999:

	Outstanding June 30, 1998	Additions	Disposals	Outstanding June 30, 1999
Pension obligation payable	$ 155	$ 26	$ (155)	$ 26
Compensated absences payable	191,198	36,483	(66,174)	161,507
Total	$ 191,353	$ 36,509	$ (66,329)	$ 161,533

10. RISK MANAGEMENT

A. Comprehensive

The Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Center has a comprehensive property and casualty policy. The deductible is $500 per incident on equipment. All vehicles are also insured and have a $250 deductible. All board members, administrators, and

10. RISK MANAGEMENT (Continued)

employees are covered under a school district liability policy. The limits of this coverage are $1,000,000 per occurrence and $3,000,000 per aggregate. The treasurer is covered under a surety bond in the amount of $25,000.

B. Workers' Compensation

The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 2.A.). The GRP's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

C. Employee Group Life, Medical, Dental and Vision Insurance

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The Center is a member of a claims servicing pool, consisting of several school districts within the County, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the Center's behalf. The plan is administered through OME-RESA and provides stop loss protection of $30,000 per individual per year. The claims liability of $70,552 reported in the internal service fund at June 30, 2000, and $72,637 at June 30, 1999 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2000	$72,637	$359,112	$(361,197)	$70,552
1999	60,519	268,920	(256,802)	72,637
1998	$62,271	$216,639	$(218,391)	$60,519

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the Center is required to contribute 14 percent ; 5.55 percent in fiscal year 2000 and 9.02 percent in fiscal year 1999 was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute . The adequacy of the contribution rates is determined annually. The Center's required contributions to SERS for the fiscal years ended June 30, 2000, 1999, 1998, and 1997 were $157,263, $127,841, $111,751, and $109,366 respectively; 100 percent has been contributed for fiscal years 2000, 1999, 1998 and 1997.

B. State Teachers Retirement System

The Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the Center is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Center's required contributions to STRS for the fiscal years ended June 30, 2000, 1999, 1998, and 1997 were $169,428, $180,928, $178,921, and $169,780 respectively; 100 percent has been contributed for fiscal years 2000, 1999, 1998 and 1997.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. The Board's liability is 6.2 percent of wages paid.

12. POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the Center, this amount equaled $96,816 during fiscal 2000 and $14,474 during fiscal 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was $2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999 (the latest information available), net health care costs paid by STRS were $249.929 million and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For fiscal year 2000, employer contributions to fund health care benefits were 8.45 percent of covered payroll. In fiscal year 1999 they were 4.98 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal years 2000 and 1999, the minimum pay has been established at $12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were $126.4 million and the target level was $189.6 million. At June 30, 1999 (the latest information available), SERS had net assets available for payment of health care benefits of $188.0 million and SERS had approximately 51,000 participants currently receiving health care benefits. For the Center, the amount to fund health care benefits, including surcharge, equaled $94,945 during fiscal year 2000 and $8,957 in fiscal year 1999.

13. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

13. BUDGETARY BASIS OF ACCOUNTING (Continued)

(a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
June 30, 2000

	Governmental Fund Types		
	General	**Special Revenue**	**Capital Projects**
Budget basis	$ (223,596)	$ 114,622	$1,000
Net adjustment for revenue accruals	(88,665)	15,108	
Net adjustment for expenditure accruals	(50,259)	1,763	
Net adjustment for other financing sources	43,960	2,978	
Encumbrances (budget basis)	119,656	223,607	
GAAP basis	$ (198,904)	$ 358,078	$1,000

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
June 30, 1999

	Governmental Fund Types	
	General	**Special Revenue**
Budget basis	$ 277,653	$182,157
Net adjustment for revenue accruals	72,325	(35,599)
Net adjustment for expenditure accruals	(54,905)	(4,424)
Net adjustment for other financing sources	(26,065)	23,552
Encumbrances (budget basis)	44,378	8,673
GAAP basis	$ 313,386	$ 174,359

14. CONTINGENCIES

A. Grants

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

B. Litigation

There is no current litigation pending which would have a material effect on the financial statements.

C. State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this Center. During the fiscal year ended June 30, 2000, the Center received $1,496,283 of school foundation support for its general fund and during the fiscal year ended June 30, 1999, the Center received $1,484,799.

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

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

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

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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Jefferson Educational Service Center
Jefferson County
2023 Sunset Boulevard
Steubenville, Ohio 43952

To the Board of Education:

We have audited the financial statements of Educational Service Center as of and for the years ended June 30, 2000 and June 30, 1999, and have issued our report thereon dated December 29, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Educational Service Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Educational Service Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which do not require inclusion in this report, which we have reported to management of the Center in a separate letter dated December 29, 2000.

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

Jim Petro
Auditor of State

December 29, 2000

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JEFFERSON EDUCATIONAL SERVICE CENTER

JEFFERSON 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
FEBRUARY 06, 2001