



**LAKE COUNTY EDUCATIONAL SERVICE CENTER
LAKE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2007



Mary Taylor, CPA
Auditor of State

**LAKE COUNTY EDUCATIONAL SERVICE CENTER
LAKE COUNTY**

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**LAKE COUNTY EDUCATIONAL SERVICE CENTER
LAKE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lake County Educational Service Center
Lake County
30 South Park Place, Suite 320
Painesville, Ohio 44077

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake County Educational Service Center, Lake County, Ohio, (the Center) as of and for the year ended June 30, 2007, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code Section 117-2-03 (B) requires the Center to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake County Educational Service Center, Lake County, Ohio, as of June 30, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Preschool Support, Science Center, and IDEA Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2008, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Center's basic financial statements. The federal awards receipts and expenditures schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the basic financial statements. We subjected the federal awards receipts and expenditures schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 7, 2008

**LAKE COUNTY EDUCATIONAL SERVICE CENTER
LAKE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2007
(Unaudited)**

The discussion and analysis of Lake County Educational Service Center's (Center) financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2007. The discussion and analysis is within the limitations of the Center's cash basis accounting. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's performance.

Financial Highlights

Key financial highlights for fiscal year 2007 are as follows:

- Net assets of governmental activities increased \$142,797 which represents a 56.5% increase from 2006.
- General receipts accounted for \$2,726,513 in receipts or 25.8% of all receipts. Program specific receipts in the form of charges for services and sales, operating grants and contributions accounted for \$7,826,184 or 74.2% of total receipts of \$10,552,697.
- The Center had \$10,409,900 in cash disbursements related to governmental activities; only \$7,826,184 of these cash disbursements were offset by program specific charges for services, operating grants or contributions. General receipts of \$2,726,513 were also used to provide for these programs.

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 Government's cash basis of accounting.

Report Components

The *Statement of Net Assets and Statement of Activities* provide information about the cash activities of the Center as a whole. Fund financial statements provide the next level of detail. Funds are created and maintained on the financial records of the 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 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.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The 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 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 Center as a Whole

The *Statement of Net Assets* and the *Statement of Activities* reflect how the Center performed financially during 2007, within the limitations of cash basis accounting. The *Statement of Net Assets* presents the cash balances and investments of the governmental activities of the Center at 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 Center's general receipts.

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

In the Statement of Net Assets and the Statement of Activities, all of the Center's programs and services are reported as Governmental Activities.

Reporting the Center's Most Significant Funds

Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's major funds.

Governmental Funds -Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using cash basis of accounting. The governmental fund statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - The Center maintains two fiduciary funds, an agency fund and a private purpose trust fund. These activities are excluded from the Center's other financial statements because the Center cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Proprietary Fund - When services are provided to another department of the Center, the service is reported as an internal service fund. The Center has one internal service fund.

The Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Center as a whole.

Table 1 provides a summary of the Center's net assets for 2007 compared to 2006:

Table 1 Net Assets		Governmental Activities	
		2007	2006
Assets			
Equity in Pooled Cash and Investments		\$395,688	\$252,891
Total Assets		395,688	252,891
Net Assets			
Restricted for:			
Special Revenue		257,179	2,833
Unrestricted		138,509	250,058
Total Net Assets		\$395,688	\$252,891

Total assets increased by \$142,797. The increase can be attributed to the Center's collection of receipts in a more timely manner.

Table 2 shows the change in net assets for fiscal years 2007 and 2006.

Table 2
Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts		
Program Receipts:		
Charges for Services and Sales	\$6,338,387	\$4,921,871
Operating Grants and Contributions	1,487,797	1,783,194
General Receipts:		
Grants and Entitlements	2,585,981	2,650,449
Other	140,532	106,737
Total Receipts	<u>10,552,697</u>	<u>9,462,251</u>
Cash Disbursements		
Instruction	3,317,451	3,338,251
Support Services:		
Pupil and Instructional Staff	3,518,235	3,422,454
General and School Administrative, Fiscal and Business	2,409,001	2,619,952
Operations and Maintenance	340,411	339,005
Pupil Transportation	82,040	83,860
Central	606,625	450,952
Operation of Non-Instructional Services	128,982	71,259
Extracurricular Activities	7,155	71,809
Total Disbursements	<u>10,409,900</u>	<u>10,397,542</u>
Change in Net Assets	142,797	(935,291)
Beginning Net Assets	<u>252,891</u>	<u>1,188,182</u>
Ending Net Assets	<u>\$395,688</u>	<u>\$252,891</u>

Governmental Activities

The Center revenues are mainly from two sources. Charges for services and sales and grants and entitlements comprised 84.6% of the Center's receipts for governmental activities.

Instruction comprises 31.9% of governmental program cash disbursements. Support services were 66.8% of governmental program cash disbursements. The remaining cash disbursements were 1.3%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. These services are mainly supported by charges for services and sales.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
Instruction	\$3,317,451	\$3,338,251	\$69,757	(\$629,529)
Support Services:				
Pupil and Instructional Staff	3,518,235	3,422,454	(1,390,009)	(1,644,483)
General and School Administrative, Fiscal and Business	2,409,001	2,619,952	(844,577)	(936,384)
Operations and Maintenance	340,411	339,005	(110,505)	(154,778)
Pupil Transportation	82,040	83,860	(33,505)	(44,194)
Central	606,625	450,952	(247,786)	(242,047)
Operation of Non-Instructional Services	128,982	71,259	(52,837)	(38,757)
Extracurricular Activities	7,155	71,809	25,746	(2,305)
Total Expenses	<u>\$10,409,900</u>	<u>\$10,397,542</u>	<u>(\$2,583,716)</u>	<u>(\$3,692,477)</u>

The Center's Funds

The Center has four major governmental funds: the General Fund, the Preschool Support Fund, the Science Center Fund and the IDEA Fund.

General Fund: Fund balance at June 30, 2007 was \$93,335. The net change in fund balance was \$13,855. The increase in fund balance was a result of the Center receiving more contract service receipts received from participating School Districts.

Preschool Support Fund: Fund balance at June 30, 2007 was \$60,120. The net change in fund balance was \$12,830. The decrease in fund balance was due to a transfer out of \$27,086.

Science Center Fund: Fund balance at June 30, 2007 was \$156,172. The net change in fund balance was \$520,239. The increase in fund balance was a result of the Center receiving more grant monies and a transfer from General Fund in 2007 as compared to 2006.

IDEA Fund: Fund balance at June 30, 2007 was \$6. The net change in fund balance was (\$235,658). The decrease in fund balance was a result of the Center receiving less grant monies in 2007 as compared to 2006.

General Fund Budgeting Highlights

The Center's Budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2007, the Center amended its General Fund budget. The Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the original and final budget basis revenue was \$4,480,823. The Center's ending unobligated cash balance was \$53.

Capital Assets and Debt Administration

Capital Assets

The Center does not currently present its capital assets on its financial statements.

Debt

At June 30, 2007, the Center had \$0 in debt outstanding. During fiscal year 2007, the Center completely paid off a capital lease for a copier. See Note 5 to the basic financial statements for further detail.

Economic Outlook

The Center was awarded the Regional Fiscal Agent for Region 4 grant from ODE. The grant began July 1, 2007. It will allow for the Center to combine the Special Education Regional Resource Center within the Center's operation, in addition to providing regional support for school improvement and literacy to the districts. The merge will cause the Center to expand its current office space to accommodate the additional staff. The additional services that will be provided as a result from this grant will be funded by ODE and will not cost the Center any additional general fund expenditures.

All of the Center's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the Center's finances, the Center's management is confident that the Center can continue to provide quality products and services to the districts in the future.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sherri Samac, Treasurer at Lake County Educational Service Center.

Lake County Educational Service Center
Statement of Net Assets-Cash Basis
June 30, 2007

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$395,688
Total Assets	<u>395,688</u>
Net Assets:	
Restricted for:	
Special Revenue	257,179
Unrestricted	<u>138,509</u>
Total Net Assets	<u>\$395,688</u>

See accompanying notes to the basic financial statements.

Lake County Educational Service Center
Statement of Activities-Cash Basis
For the Fiscal Year Ended June 30, 2007

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Total
Governmental Activities:				
Instruction:				
Regular	\$511,506	\$120,565	\$512,212	\$121,271
Special	\$2,438,225	\$2,092,171	\$96,028	(\$250,026)
Vocational	367,720	560,799	5,433	198,512
Support Services:				
Pupil	1,796,601	1,066,681	4,783	(725,137)
Instructional Staff	1,721,634	878,177	178,585	(664,872)
General Administration	22,729	13,418	0	(9,311)
School Administration	2,079,236	731,510	636,293	(711,433)
Fiscal	307,036	170,443	12,760	(123,833)
Operations and Maintenance	340,411	190,424	39,482	(110,505)
Pupil Transportation	82,040	48,260	275	(33,505)
Central	606,625	356,893	1,946	(247,786)
Operation of Non-Instructional Services	128,982	76,145	0	(52,837)
Extracurricular Activities	7,155	32,901	0	25,746
Total Governmental Activities	10,409,900	6,338,387	1,487,797	(2,583,716)
General Receipts:				
Grants and Entitlements not Restricted to Specific Programs				2,585,981
Unrestricted Contributions				21,142
Investment Earnings				22,174
Other Receipts				97,216
Total General Receipts				2,726,513
Change in Net Assets				142,797
Net Assets Beginning of Year				252,891
Net Assets End of Year				\$395,688

See accompanying notes to the basic financial statements.

Lake County Educational Service Center
Statement of Assets and Fund Balances-Cash Basis
Governmental Funds
June 30, 2007

	General	Preschool Support	Science Center	IDEA	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Investments	\$93,335	\$60,120	\$156,172	\$6	\$40,881	\$350,514
Total Assets	<u>93,335</u>	<u>60,120</u>	<u>156,172</u>	<u>6</u>	<u>40,881</u>	<u>350,514</u>
Fund Balances:						
Reserved for Encumbrances	93,282	42,996	147,367	0	17,875	301,520
Unreserved, Undesignated, Reported in:						
General Fund	53	0	0	0	0	53
Special Revenue Funds	<u>0</u>	<u>17,124</u>	<u>8,805</u>	<u>6</u>	<u>23,006</u>	<u>48,941</u>
Total Fund Balances	<u>93,335</u>	<u>60,120</u>	<u>156,172</u>	<u>6</u>	<u>40,881</u>	<u>350,514</u>
Total Fund Balances	<u>\$93,335</u>	<u>\$60,120</u>	<u>\$156,172</u>	<u>\$6</u>	<u>\$40,881</u>	<u>\$350,514</u>

See accompanying notes to the basic financial statements.

Lake County Educational Service Center
Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities-Cash Basis
June 30, 2007

Total Governmental Fund Balance \$350,514

Amounts reported for governmental activities in the
statement of net assets are different because:

An internal service fund is used by management to charge
back costs to individual funds. The assets and
liabilities of the internal service fund are included in
governmental activities in the statement of net assets.

45,174

Net Assets of Governmental Activities \$395,688

See accompanying notes to the basic financial statements.

Lake County Educational Service Center
Statement of Receipts, Expenditures
and Changes in Fund Balance-Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	General	Preschool Support	Science Center	IDEA	Other Governmental Funds	Total Governmental Funds
Receipts:						
Tuition and Fees	\$1,100,486	\$700	\$0	\$0	\$0	\$1,101,186
Investment Earnings	22,174	0	0	0	0	22,174
Intergovernmental	2,630,525	0	429,050	818,810	195,392	4,073,777
Extracurricular Activities	28,597	56,777	0	0	0	85,374
Contract Services	5,151,748	0	0	0	0	5,151,748
Other Receipts	91,772	21,666	0	5,000	0	118,438
Total Receipts	9,025,302	79,143	429,050	823,810	195,392	10,552,697
Expenditures:						
Current:						
Instruction:						
Regular	116,876	0	267,886	0	208,416	593,178
Special	2,360,592	0	77,633	0	0	2,438,225
Vocational	356,361	0	0	0	11,359	367,720
Support Services:						
Pupil	1,752,851	35,989	0	0	7,761	1,796,601
Instructional Staff	1,444,649	28,589	0	228,012	20,384	1,721,634
General Administration	22,729	0	0	0	0	22,729
School Administration	1,238,887	146	0	826,721	13,482	2,079,236
Fiscal	288,714	0	0	12,922	5,400	307,036
Operations and Maintenance	322,559	0	1,344	16,410	98	340,411
Pupil Transportation	81,504	163	0	0	373	82,040
Central	604,542	0	0	0	2,083	606,625
Operation of Non-Instructional Services	128,982	0	0	0	0	128,982
Extracurricular Activities	7,155	0	0	0	0	7,155
Total Expenditures	8,726,401	64,887	346,863	1,084,065	269,356	10,491,572
Excess of Receipts Over (Under) Expenditures	298,901	14,256	82,187	(260,255)	(73,964)	61,125
Other Financing Sources (Uses):						
Advances In	0	0	0	15,100	0	15,100
Advances (Out)	(15,100)	0	0	0	0	(15,100)
Transfers In	288,733	0	514,268	9,497	71,287	883,785
Transfers (Out)	(558,679)	(27,086)	(76,216)	0	(12,595)	(674,576)
Total Other Financing Sources (Uses)	(285,046)	(27,086)	438,052	24,597	58,692	209,209
Net Change in Fund Balance	13,855	(12,830)	520,239	(235,658)	(15,272)	270,334
Fund Balance Beginning of Year	79,480	72,950	(364,067)	235,664	56,153	80,180
Fund Balance End of Year	\$93,335	\$60,120	\$156,172	\$6	\$40,881	\$350,514

See accompanying notes to the basic financial statements.

Lake County Educational Service Center
Reconciliation of the Statement of Receipts, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities-Cash Basis
For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balance - Total Governmental Funds \$270,334

Amounts reported for governmental activities in the
statement of activities are different because:

The internal service fund used by management to charge back costs
to individual funds is not reported in the district-wide statement of
activities. Governmental fund expenditures and the related internal
service fund receipts are eliminated. The net receipt (expense) of
the internal service fund is allocated among the governmental activities. (127,537)

Change in Net Assets of Governmental Activities \$142,797

See accompanying notes to the basic financial statements.

Lake County Education Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	\$77,860	\$77,860	\$1,100,486	\$1,022,626
Investment Earnings	21,500	21,500	22,174	674
Intergovernmental	2,103,014	2,103,014	2,630,525	527,511
Extracurricular Activities	0	0	28,597	28,597
Contract Services	2,238,572	2,238,572	5,151,748	2,913,176
Other Revenues	39,877	39,877	91,772	51,895
Total Revenues	4,480,823	4,480,823	9,025,302	4,544,479
Expenditures:				
Current:				
Instruction:				
Regular	96,072	126,927	124,426	2,501
Special	1,825,006	2,411,138	2,363,622	47,516
Vocational	276,981	365,939	358,727	7,212
Support Services:				
Pupil	1,354,350	1,789,323	1,754,061	35,262
Instructional Staff	1,120,871	1,480,858	1,451,675	29,183
General Administration	17,550	23,186	22,729	457
School Administration	969,859	1,281,345	1,256,094	25,251
Fiscal	228,273	301,587	295,644	5,943
Operations and Maintenance	263,425	348,029	341,170	6,859
Pupil Transportation	79,366	104,855	102,789	2,066
Central	473,126	625,078	612,760	12,318
Operation of Non-Instructional Services	99,590	131,575	128,982	2,593
Extracurricular Activities	5,525	7,299	7,155	144
Total Expenditures	6,809,994	8,997,139	8,819,834	177,305
Excess of Revenues Over (Under) Expenditures	(2,329,171)	(4,516,316)	205,468	4,721,784
Other financing sources (uses):				
Advances (Out)	(11,659)	(15,404)	(15,100)	304
Transfers In	0	0	2,021,155	2,021,155
Transfers (Out)	(1,768,895)	(2,337,005)	(2,290,950)	46,055
Total Other Financing Sources (Uses)	(1,780,554)	(2,352,409)	(284,895)	2,067,514
Net Change in Fund Balance	(4,109,725)	(6,868,725)	(79,427)	6,789,298
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	79,480	79,480	79,480	0
Fund Balance End of Year	(\$4,030,245)	(\$6,789,245)	\$53	\$6,789,298

See accompanying notes to the basic financial statements.

Lake County Education Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2007

	Preschool Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	\$0	\$0	\$700	\$700
Extracurricular Activities	6,003	6,003	56,777	50,774
Other Revenues	58,983	58,983	21,666	(37,317)
Total Revenues	64,986	64,986	79,143	14,157
Expenditures:				
Current:				
Support Services:				
Pupil	11,949	49,278	45,390	3,888
Instructional Staff	15,709	64,786	59,674	5,112
School Administration	123	509	469	40
Fiscal	461	1,900	1,750	150
Pupil Transportation	158	651	600	51
Total Expenditures	28,400	117,124	107,883	9,241
Excess of Revenues Over (Under) Expenditures	36,586	(52,138)	(28,740)	23,398
Other financing sources (uses):				
Transfers (Out)	(7,130)	(29,406)	(27,086)	2,320
Total Other Financing Sources (Uses)	(7,130)	(29,406)	(27,086)	2,320
Net Change in Fund Balance	29,456	(81,544)	(55,826)	25,718
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	72,950	72,950	72,950	0
Fund Balance End of Year	\$102,406	(\$8,594)	\$17,124	\$25,718

See accompanying notes to the basic financial statements.

Lake County Education Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2007

	Science Center Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$429,050	\$429,050	\$429,050	\$0
Total Revenues	429,050	429,050	429,050	0
Expenditures:				
Current:				
Instruction:				
Regular	135,175	274,310	267,886	6,424
Special	113,535	230,395	225,000	5,395
Support Services:				
Operations and Maintenance	678	1,376	1,344	32
Total Expenditures	249,388	506,081	494,230	11,851
Excess of Revenues Over (Under) Expenditures	179,662	(77,031)	(65,180)	11,851
Other financing sources (uses):				
Transfers In	0	0	590,484	590,484
Transfers (Out)	(76,917)	(156,087)	(152,432)	3,655
Total Other Financing Sources (Uses)	(76,917)	(156,087)	438,052	594,139
Net Change in Fund Balance	102,745	(233,118)	372,872	605,990
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(364,067)	(364,067)	(364,067)	0
Fund Balance End of Year	(\$261,322)	(\$597,185)	\$8,805	\$605,990

See accompanying notes to the basic financial statements.

Lake County Education Service Center
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2007

	IDEA Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,155,440	\$1,155,440	\$818,810	(\$336,630)
Other Revenues	0	0	5,000	5,000
Total Revenues	1,155,440	1,155,440	823,810	(331,630)
Expenditures:				
Current:				
Instruction:				
Support Services:				
Instructional Staff	222,699	251,994	228,012	23,982
School Administration	807,456	913,674	826,721	86,953
Fiscal	12,621	14,281	12,922	1,359
Operations and Maintenance	16,028	18,136	16,410	1,726
Total Expenditures	1,058,804	1,198,085	1,084,065	114,020
Excess of Revenues Over (Under) Expenditures	96,636	(42,645)	(260,255)	(217,610)
Other financing sources (uses):				
Advances In	0	0	15,100	15,100
Transfers In	0	0	22,484	22,484
Transfers (Out)	(12,684)	(14,352)	(12,987)	1,365
Total Other Financing Sources (Uses)	(12,684)	(14,352)	24,597	38,949
Net Change in Fund Balance	83,952	(56,997)	(235,658)	(178,661)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	235,664	235,664	235,664	0
Fund Balance End of Year	\$319,616	\$178,667	\$6	(\$178,661)

See accompanying notes to the basic financial statements.

Lake County Educational Service Center
Statement of Fund Net Assets-Cash Basis
Proprietary Fund
June 30, 2007

	Governmental Activities- Internal Service Fund
Assets:	
Equity in Pooled Cash and Investments	\$45,174
Total Assets	<u>45,174</u>
Net Assets:	
Unrestricted	<u>45,174</u>
Total Net Assets	<u>\$45,174</u>

See accompanying notes to the basic financial statements.

Lake County Educational Service Center
Statement of Revenues, Expenses
and Changes in Fund Net Assets-Cash Basis
Proprietary Fund
For the Fiscal Year Ended June 30, 2007

	Governmental Activities- Internal Service Fund
Operating Receipts:	
Extracurricular Activities	\$123,282
Other Receipts	533
Total Operating Receipts	<u>123,815</u>
Operating Disbursements:	
Personal Services	1,150
Materials and Supplies	6,364
Purchased Services	44,178
Retirement and Insurance	2,571
Total Operating Disbursements	<u>54,263</u>
Operating Income (Loss)	<u>69,552</u>
Non-Operating Revenues (Disbursements):	
Operating Grants	<u>12,120</u>
Total Non-Operating Revenues (Disbursements)	<u>12,120</u>
Income (Loss) Before Contributions & Transfers	81,672
Transfers In	12,595
Transfers (Out)	<u>(221,804)</u>
Change in Net Assets	(127,537)
Net Assets Beginning of Year	<u>172,711</u>
Net Assets End of Year	<u><u>\$45,174</u></u>

See accompanying notes to the basic financial statements.

Lake County Educational Service Center
Statement of Fiduciary Net Assets-Cash Basis
Fiduciary Funds
June 30, 2007

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$17,010	\$0
Total Assets	<u>17,010</u>	<u>0</u>
Net Assets:		
Unrestricted	<u>17,010</u>	<u>0</u>
Total Net Assets	<u>\$17,010</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

Lake County Educational Service Center
Statement of Changes in Fiduciary Net Assets-Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2007

	Private Purpose Trust
Additions:	
Donations	<u>\$24,635</u>
Total Additions	<u>24,635</u>
Deductions:	
Scholarships	<u>8,259</u>
Total Deductions	<u>8,259</u>
Change in Net Assets	16,376
Net Assets Beginning of Year	<u>634</u>
Net Assets End of Year	<u><u>\$17,010</u></u>

See accompanying notes to the basic financial statements.

**LAKE COUNTY EDUCATIONAL SERVICE CENTER
LAKE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. DESCRIPTION OF THE CENTER AND REPORTING ENTITY

The Lake County Educational Service Center (the "Center"), formerly the Lake County Board of Education, 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 local county school district as defined by Section 3311.05 of the Ohio Revised Code. The Center operates under a five member elected Board of Education and is responsible for the provision of public education to residents of the District.

The Center is located in Lake County. The Center serves five local school districts: Riverside Local School District, Painesville City Local School District, Kirtland Local School District, Madison Local School District and Perry Local School District.

The Center employed 113 certificated employees and 52 non-certificated employees.

FINANCIAL REPORTING ENTITY

The Center adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14. The financial statements include all the organizations, activities, functions and component units for which the Center (Primary Government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the Center's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Center.

On this basis, the financial statements of the Lake County School Financing District have been included in the accompanying financial statements as a blended component unit. The Financing District is legally separate, but governed by the same board, therefore, the Center has the ability to impose its will over the Financing District. The Center acts as the fiscal agent for the Lake County School Financing District.

The Center is associated with four organizations, two jointly governed organization and two insurance purchasing pools. These organizations are the Lake Geauga Computer Association, Ohio Schools Council Association, the Lake County Schools Council of Governments' Health Care Benefits Program and the Ohio School Boards Association Workers' Compensation Group Rating Plan. Information about these organizations is discussed in the notes to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ohio Administrative Code, Section 117-2-03 (B), requires the Center to prepare its annual financial report in accordance with generally accepted accounting principles. However, the 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, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The Center can be fined and various other administrative remedies may be taken against the Center.

The Center also reports investments as assets, valued at fair value at the end of the fiscal year. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

A. FUND ACCOUNTING

The Center uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Center classifies each fund as either governmental, proprietary or fiduciary.

Governmental Funds

The Center classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the Center's major governmental funds:

General Fund - The general fund accounts for all financial resources except for restricted resources requiring a separate accounting. The general fund balance is available for any purpose provided it is disbursed or transferred according to Ohio law.

Preschool Support Fund - The Preschool support fund is used to account for supplies and materials for preschool education.

Science Center Fund - The Science Center fund is used to account for monies provided for science education.

IDEA Fund - The IDEA fund accounts for grants to assist in providing an appropriate public education to all children with disabilities.

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

Proprietary Funds

Certain Center funds operate similar to business enterprises, where user charges (i.e. charges for services) provide significant resources for the activity. Proprietary funds are classified as either enterprise funds or internal service funds. The Center does not have any enterprise funds.

Internal Service Funds – An internal service fund accounts for the financing of services provided by one department or agency to other Center departments or agencies or to other governments, on a cost reimbursement basis. The Center's internal service fund accounts for teacher's training for special education teachers and finger printing for the local school districts on a cost reimbursement basis.

Fiduciary Funds

Trust funds are used to account for resources restricted by legally binding trust agreements which are held for individual, private organization or other governments. Funds for which the Center is acting in an agency capacity are classified as agency funds. The Center's agency fund accounts for the Lake County Financing District. In addition, the Center has a private purpose trust fund, which accounts for educational awards.

B. BASIS OF PRESENTATION

The Center's basic financial statements consist of a government-wide statement of activities, statement of net assets and fund financial statements providing more detailed financial information.

Government-wide Financial Statement of Net Assets and Statement of Activities: These statements display information about the Center as a whole, except fiduciary funds. The statement of activities eliminates internal service fund activity to avoid reporting those transactions twice.

The statement of net assets presents the cash balance of the governmental activities of the Center at fiscal year end. The government-wide statement of activities compares disbursements with program receipts for each function or program of the Center's governmental activities. Cash 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 cash 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which governmental function is self-financing on the cash basis or draws from the Center's general receipts.

Fund Financial Statements: The fund financial statements report more detailed information about the Center. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate nonmajor funds in a single column. The proprietary fund statement combines all internal service funds into a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

C. BUDGETARY DATA

Lake County Educational Service Center

The budgetary process described below applies specifically to the Lake County Educational Service Center and is not applicable to the Lake County School Financing District.

The Center is required by State statute to adopt an annual appropriation budget for all fund types except agency funds. The specific timetable is as follows:

The budget includes the estimated resources and expenditures for each fund and consists of three parts; Part (A) includes entitlement funding from the State, part (B) includes the cost of all other lawful expenditures of the Center (which are apportioned by the State Department of Education to each local board of education under the supervision of the Center), and Part (C) includes the adopted appropriation resolution.

The Center's Board adopts an annual appropriation resolution which is the Board's authorization to spend resources and sets annual limits on expenditures 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.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

The estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Educational Service Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. 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 the prior fiscal year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation amounts passed by the Board during the fiscal year.

Net Change in Fund Balances

	General Fund	Preschool Support Fund	Science Center Fund	IDEA Fund
Cash Basis	\$13,855	(\$12,830)	\$520,239	(\$235,658)
Adjustment for encumbrances	(93,282)	(42,996)	(147,367)	0
Budget Basis	<u>(\$79,427)</u>	<u>(\$55,826)</u>	<u>\$372,872</u>	<u>(\$235,658)</u>

Lake County Financing District

Based on the requirements of Chapter 5705, Revised Code, the budgetary process described below applies specifically to the Lake County School Financing District in the agency fund and is not applicable to the Lake County Educational Service Center.

A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the county budget commission, by January 20 of each year, for the period July 1 to June 30 fiscal year.

The county budget commission certifies its actions to the Center by March 1. As part of this certification, the Center receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the Center must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

By the June Board meeting, the temporary annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as approved by the Board and the total of expenditures and encumbrances may not exceed the appropriation totals. Any revisions that alter appropriations within a fund must be approved by the Board of Education.

Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. The Board legally enacted all supplemental appropriations during fiscal 2006-2007.

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 level.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control.

D. EQUITY IN POOLED 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 Center records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the basic financial statements.

During fiscal year 2007, investments were limited to STAR Ohio. All investments of the Center had a maturity of one year or less. Investments are reported at fair value, which is based on quoted market prices.

The Center has invested funds in the State Treasury Assets Reserve (STAR Ohio) during fiscal year 2007. 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 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 share price, which is the price the investment could be sold for on June 30, 2007.

Following Ohio statutes, the Center has, by resolution, identified the funds to receive an allocation of interest. Interest revenue during 2007 amounted to \$22,174 in the General fund.

E. CAPITAL ASSETS

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

F. INVENTORY

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

G. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Educational Service Center.

H. INTERFUND TRANSACTIONS

During the course of normal operations, the Center has numerous transactions between funds, including expenditures and transfers of resources to provide services and improve assets. Operating subsidies are recorded as operating transfers. The classification of amounts recorded as subsidies, advances or equity contributions is based on the intent of the Center at the time of the transaction.

I. EMPLOYER CONTRIBUTIONS TO COST-SHARING PENSION PLANS

The Center recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. RESTRICTED ASSETS/NET ASSETS

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

The Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. FUND BALANCE RESERVES

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

3. EQUITY IN POOLED CASH AND INVESTMENTS

State statute requires the classification of monies held by the Center into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the Center. Such monies must by law be maintained either as cash in the Center treasury, in depository accounts payable or withdrawable on demand or in money market deposit accounts.

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio or other Ohio governments.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the Center's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Center, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 40, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Center's deposits may not be returned to it. The Center's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged pool of securities. As of June 30, 2007, \$116,243 of the Center's bank balance of \$216,243 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Center's name.

The 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 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

Investments are reported at fair value. As of June 30, 2007, the Center had the following investments:

	Fair Value
<u>Investment Type</u>	<u>Investment Maturities</u>
STAR Ohio	<u>Less Than One-Year</u>
Total Fair Value	<u>\$353,695</u>
	<u>\$353,695</u>

Interest rate risk - In accordance with the investment policy, the Center manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the Center’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. Investments in STAR Ohio were rated AAAM by Standard & Poor’s.

Concentration of credit risk – The Center’s investment policy allows investments in Federal Agencies or Instrumentalities. All investments were issued or guaranteed by the federal government. At year end, the Center’s allocations of investments were as follows: STAR Ohio (100%).

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Center’s securities are either insured and registered in the name of the Center or at least registered in the name of the Center.

4. LAKE COUNTY SCHOOL FINANCING DISTRICT

The Lake County Educational Service Center has, by a resolution adopted February 6, 1990, pursuant to Section 3311.50 of the Revised Code, created a county school financing district known as the Lake County School Financing District (the "Financing District") for the purpose of levying taxes for the provision of the following specified educational programs and services by the school districts that are part of the Financing District: the provision of necessary personnel, materials, supplies and transportation for instruction in language arts, social studies, mathematics, fine and practical arts, health and physical education, science and business education.

The Lake County Educational Service Center acts as the taxing authority of the Financing District pursuant to Section 3311.50 of the Revised Code. The Financing District receives settlements of taxes levied and distributes within ten days to each of the Member Districts each of such Member District's proportionate share of that tax settlement. Each Member District's proportionate share is a fraction, the numerator being the Member District's total pupil population and the denominator being the aggregate pupil population of all Member Districts as of that date.

5. CAPITALIZED LEASE – EQUIPMENT

The Center has entered into a capitalized lease for the acquisition of a copier. The terms of the agreement provide an option to purchase the equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No, 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee at the conclusion of the lease term. During fiscal year 2007, this lease was completely paid off.

6. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System - The Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Chapter 3309 of the Ohio Revised Code establishes benefits. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3476 or by calling (614) 222-5853. It is also posted on SERS' website, www.ohsers.org, under forms and publications.

Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll, of which 10.68% is to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$187,800, \$158,319, and \$133,270, respectively; 92 percent has been contributed for fiscal year 2007 and 100 percent has been contributed for fiscal years 2006 and 2005.

State Teachers Retirement System - The 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 may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771 or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one-time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Center's required contributions for pension obligations to the DB Plan for the fiscal year ended June 30, 2007, 2006, and 2005 were \$724,308, \$752,232, and \$655,098, respectively; 96 percent has been contributed for fiscal year 2007 and 100 percent has been contributed for fiscal years 2006 and 2005.

7. POST EMPLOYMENT BENEFITS

The Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certificated 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.

STRS Ohio retirees who participated in the Defined Benefit Plan or the Combined Plan and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Center, this amount equaled \$55,716 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. At June 30, 2007, the balance in the Fund was \$4.1 billion. For the year ended June 30, 2007, net health care costs paid by STRS Ohio were \$265,558,000 and STRS OHIO had 122,934 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premiums. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2% for each employer's SERS salaries. For the Center, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$79,519.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment to health care benefits of \$295.6 million. SERS has approximately 59,492 participants currently receiving health care benefits.

8. CONTINGENT LIABILITIES

Grants - The Center receives 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 are 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 fund. 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, 2007.

9. JOINTLY GOVERNED ORGANIZATIONS

The Lake Geauga Computer Association is a jointly governed organization consisting of 18 school districts in Lake, Geauga and Cuyahoga Counties. This 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 districts. The executive committee consists of the member elected superintendents from participating school districts. The degree of control exercised by any participating school Center is limited to its voting rights as a general member of the network. The assembly exercises total control over the operation of the consortium including budgeting, appropriating, contracting and designation management. All the consortium revenues are generated from charges for services and State funding. Financial information can be obtained from Lake Geauga Computer Association, 8221 Auburn Road, Painesville, OH 44077.

The Ohio Schools Council Association (Council) is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to bring quality products and services at the lowest possible cost to the member districts. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school Center is limited to its representation on the Board. In fiscal year 2007, the Center made no payments to the Council. Financial information can be obtained by contacting the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Independence, OH 44131.

The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen (16) member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation of the governing board. During fiscal year 2007, the Center made no contribution to the East Shore Center. Financial information can be obtained by writing the fiscal agent, Lake County Educational Service Center, 30 South Park Place, Suite 320, Painesville, Ohio 44077.

10. CLAIMS SERVICING POOL

Lake County Council of Governments Health Care Benefits Program (HCBP) Self Insurance Program – The Center participates in Lake County Council of Governments Health Care Benefits Program (HCBP) Self Insurance Program, a claims servicing pool, comprised of eleven members. Each member pays an administrative fee to the pool. The Plan's business and affairs are conducted by a five member Board of Directors elected from the HCBP's assembly.

11. OSBA GROUP RATING PROGRAM

The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the 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 workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. 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. Participating

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.

12. REVENUES

The Lake County Educational Service 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 \$38.50 in the following way: \$6.50 times the ADM (total number of pupils under the Center's supervision) is apportioned by the State Board of Education among the local school districts to which the Center provides services from payments made under the State's foundation program. Simultaneously, \$32 times the sum of the ADM is paid by the State Board of Education from State funds of the Center.

If additional funding is required and if a majority of the boards of education of the local school districts approve, the cost of Part (B) of the budget that is in excess of \$38.50 times the ADM approved by the State Board of Education is apportioned to the local school districts through reductions in their state foundation. The State Board of Education initiates and supervises the procedure by which the local boards approve or disapprove the apportionment.

The Lake County School Financing District's source of revenue is derived from property taxes. The Lake County Treasurer collects property tax on behalf of all the taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected.

13. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2007, consisted of the following transfers in and transfers out:

	Transfers	
	In	Out
General	\$288,733	\$558,679
Preschool Support	0	27,086
Science Center	514,268	76,216
IDEA	9,497	0
Other Governmental Funds	71,287	12,595
Internal Service	12,595	221,804
Total	<u>\$896,380</u>	<u>\$896,380</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

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**LAKE COUNTY EDUCATIONAL SERVICE CENTER
LAKE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. Department of Education				
<i>Passed Through the Ohio Department of Education</i>				
<i>Special Education Cluster:</i>				
Special Education Grants to States	6B-EC-05	84.027	\$0	\$ 123,264
Special Education Grants to States	6B-SI-05	84.027	136,887	214,900
Special Education Grants to States	6B-SI-07	84.027	568,556	583,650
Special Education Grants to States	6B-ST-06	84.027	4,000	52,884
Total Special Education Grants to States			<u>709,443</u>	<u>974,698</u>
Special Education Preschool Grants	PG-D0-05	84.173	0	135
Special Education Preschool Grants	PG-D0-06	84.173	2,016	2,016
Total Preschool Grant			<u>2,016</u>	<u>2,151</u>
Total Special Education Cluster			<u>711,459</u>	<u>976,849</u>
Special Education - State Personnel Development	ST-S3-05	84.323	109,367	109,367
Total Special Education - State Personnel Development			<u>109,367</u>	<u>109,367</u>
Safe and Drug Free Schools	T4-S1-05	84.184C	0	3,174
Total Safe and Drug Free Schools			<u>0</u>	<u>3,174</u>
Vocational Education Basic Grants to States	20-A0-05	84.048	224	4,651
Total Vocational Education Basic Grants to States			<u>224</u>	<u>4,651</u>
Total U.S. Department of Education			<u>821,050</u>	<u>1,094,041</u>
Total Federal Assistance			<u>\$ 821,050</u>	<u>\$ 1,094,041</u>

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

**LAKE COUNTY EDUCATIONAL SERVICE CENTER
LAKE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

N/A – Not Applicable

CFDA – Catalog of Federal Domestic Assistance



Mary Taylor, CPA

Auditor of State

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

Lake County Educational Service Center
Lake County
30 South Park Place, Suite 320
Painesville, Ohio 44077

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake County Educational Service Center, Lake County, Ohio, (the Center) as of and for the year ended June 30, 2007, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 7, 2008, wherein we noted the Center utilized a basis of accounting other than prescribed by Ohio Administrative Code Section 117-2-03 (B). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Center's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Center's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the Center's management in a separate letter dated March 7, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the 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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2007-001.

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

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 7, 2008



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Lake County Educational Service Center
Lake County
30 South Park Place, Suite 320
Painesville, Ohio 44077

To the Members of the Board:

Compliance

We have audited the compliance of Lake County Educational Service Center, Lake County, Ohio, (the Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the Center's major federal program. The Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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

In our opinion, the Lake County Educational Service Center complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The Center's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to administer a federal program such that there is more than a remote likelihood that the Center's internal control will not prevent or detect more than inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Center's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

March 7, 2008

**LAKE COUNTY EDUCATIONAL SERVICE CENTER
LAKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

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

**LAKE COUNTY EDUCATIONAL SERVICE CENTER
LAKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007
(Continued)**

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

FINDING NUMBER 2007-001

Ohio Revised Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The report shall be certified by the proper officer or board and filed with the Auditor of State within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the 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 the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Section 117.38.

Ohio Administrative Code Section 117-2-03(B) requires the Center to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the Center prepared its financial statements and notes following the cash basis of accounting. This is a comprehensive basis other than generally accepted accounting principles. The accompanying financial statements and footnotes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised Code Section 117.38, the Center may be fined and subject to various other administrative remedies for its failure to file the required financial report within the required time limits.

We recommend the Center take the necessary steps to ensure the annual report is prepared in accordance with generally accepted accounting principles and file the report with the Auditor of State within the above time limit.

Official's Response: No Response Received

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

LAKE COUNTY EDUCATIONAL SERVICE CENTER
LAKE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	ORC 117.38 Filing Annual Report	No	Not Corrected Reissued as Finding Number 2007-001
2006-002	ORC 5705.39 Final Appropriations exceeding Final Certificate of Estimated Resources	Yes	
2006-003	OMC Circular A-133 Section 300(e) Appropriate submission of audit reports to appropriate government Officials and organizations	Yes	



Mary Taylor, CPA
Auditor of State

LAKE COUNTY EDUCATIONAL SERVICE CENTER

LAKE 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
APRIL 8, 2008