



Mary Taylor, CPA  
Auditor of State



**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Ashtabula County Educational Service Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44041

To the Governing Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ashtabula County Educational Service Center, Ashtabula County, Ohio (the Service Center), as of and for the year ended June 30, 2007, which collectively comprise the Service Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Service 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 § 117-2-03 (B) requires the Service Center to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine 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 Ashtabula County Educational Service Center, Ashtabula County, Ohio, as of June 30, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General and IDEIA - Part-B 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 24, 2008, on our consideration of the Ashtabula County Educational Service Center, Ashtabula County'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.

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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 Service Center's financial statements. The Federal Awards Expenditure 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 financial statements. We subjected this schedule to the auditing procedures applied in our audit of the Service Center's financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

**Mary Taylor, CPA**  
Auditor of State

March 24, 2008

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2007*  
*Unaudited*

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

**Highlights**

Key highlights for 2007 are as follows:

- Net assets of governmental activities decreased \$92,990, which represents a 2.7 percent decrease from 2006.
- Total revenues of \$7,573,318 were comprised of general revenues in the amount of \$3,685,823 and program specific revenues from charges for services and operating grants and contributions in the amount of \$3,887,495. This reflects that 49 percent is comprised of general receipts and 51 percent is comprised of program receipts.
- Among major funds, the general fund had \$4,953,737 in revenues and \$4,944,034 in expenditures. The general fund's fund balance increased to \$3,179,572 from \$3,031,524.
- The IDEIA Part-B special revenue fund had \$1,724,880 in revenues and \$1,726,363 in expenditures. The fund balance decreased by \$53,983.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2007*  
*Unaudited*

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### **Basis of Accounting**

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

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

### **Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Service Center did financially during 2007 within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Service Center at fiscal year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Service Center's general receipts.

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

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

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

### **Reporting the Government's Most Significant Funds**

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



**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
For the Year Ended June 30, 2007  
Unaudited

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

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

**The Service Center as a Whole**

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

(Table 1)  
**Net Assets**  
**Governmental Activities**

	<u>2007</u>	<u>2006</u>	<u>Change</u>
<b>Assets</b>			
Cash and Cash Equivalents	<u>\$3,296,848</u>	<u>\$3,389,838</u>	<u>(\$92,990)</u>
<b>Net Assets</b>			
Restricted for:			
Other Purposes	117,276	358,314	(241,038)
Unrestricted	<u>3,179,572</u>	<u>3,031,524</u>	<u>148,048</u>
Total Net Assets	<u>\$3,296,848</u>	<u>\$3,389,838</u>	<u>(\$92,990)</u>

As mentioned previously, net assets of governmental activities decreased by \$92,990 or 2.7 percent during 2007.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
For the Year Ended June 30, 2007  
Unaudited

Table 2 reflects the changes in net assets in 2007 compared to 2006.

(Table 2)  
**Changes in Net Assets**  
**Governmental Activities**

	2007	2006	Change
<b>Receipts:</b>			
<i>Program Receipts:</i>			
Charges for Services	\$1,224,951	\$1,061,795	\$163,156
Operating Grants and Contributions	2,662,544	1,672,267	990,277
<b>Total Program Receipts</b>	<b>3,887,495</b>	<b>2,734,062</b>	<b>1,153,433</b>
<i>General Receipts:</i>			
Grants and Entitlements Not Restricted to Specific Programs	3,277,663	3,429,079	(151,416)
Unrestricted Contributions and Donations	1,403	1,795	(392)
Interest	196,029	158,535	37,494
Miscellaneous	210,728	139,866	70,862
<b>Total General Receipts</b>	<b>3,685,823</b>	<b>3,729,275</b>	<b>(43,452)</b>
<b>Total Receipts</b>	<b>7,573,318</b>	<b>6,463,337</b>	<b>1,109,981</b>
<b>Disbursements:</b>			
<i>Instruction:</i>			
Regular	516,805	335,725	181,080
Special	1,865,361	1,538,407	326,954
Adult/Continuing	129,341	130,122	(781)
<i>Support Services:</i>			
Pupil	1,355,455	1,151,729	203,726
Instructional Staff	2,475,706	2,309,652	166,054
Board of Education	55,253	42,774	12,479
Administration	828,024	849,730	(21,706)
Fiscal	275,094	250,420	24,674
Business	6,000	0	6,000
Operation and Maintenance of Plant	37,180	17,562	19,618
Pupil Transportation	59,068	53,317	5,751
Central	63,021	81,126	(18,105)
<b>Total Disbursements</b>	<b>7,666,308</b>	<b>6,760,564</b>	<b>905,744</b>
Decrease in Net Assets	(92,990)	(297,227)	204,237
Net Assets, June 30, 2006	3,389,838	3,687,065	(297,227)
<b>Net Assets, June 30, 2007</b>	<b>\$3,296,848</b>	<b>\$3,389,838</b>	<b>(\$92,990)</b>

Program revenues represent 51 percent of the total receipts and are primarily comprised of funds used to cover services provided to the school districts, tuition and operating grants.

Program expenses exceeded program revenues due to a reduction in revenue due to a reduction in services to client-districts.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2007*  
*Unaudited*

**Governmental Activities**

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Service Center. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for special instruction and support services instructional staff, which account for 24 and 32 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Service Center that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local sources. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)  
**Governmental Activities**

	Total Cost Of Services 2007	Net Cost of Services 2007	Total Cost Of Services 2006	Net Cost of Services 2006
Instruction:				
Regular	\$516,805	(\$42,012)	\$335,725	(\$88,011)
Special	1,865,361	(967,137)	1,538,407	(969,094)
Adult/Continuing	129,341	11,794	130,122	(16,819)
Support Services:				
Pupil	1,355,455	(692,753)	1,151,729	(745,909)
Instructional Staff	2,475,706	(1,363,469)	2,309,652	(1,420,506)
Board of Education	55,253	(48,262)	42,774	(32,804)
Administration	828,024	(420,747)	849,730	(493,445)
Fiscal	275,094	(190,761)	250,420	(179,114)
Business	6,000	0	0	0
Operation and Maintenance of Plant	37,180	(19,144)	17,562	(12,562)
Pupil Transportation	59,068	16,699	53,317	12,888
Central	63,021	(63,021)	81,126	(81,126)
Total Expenses	<u>\$7,666,308</u>	<u>(\$3,778,813)</u>	<u>\$6,760,564</u>	<u>(\$4,026,502)</u>

**The Government's Funds**

Information regarding the Service Center's major funds starts on page 12. These funds are accounted for using the cash basis of accounting. All governmental funds had total revenues of \$7,573,318 and total expenditures of \$7,666,308. The net change in the governmental fund balance for the year was most significant in the general fund and the IDEIA Part-B special revenue funds. While the general fund balance increased by \$148,048, the IDEIA Part-B fund balance decreased by \$53,983.

**General Fund Budgeting Highlights**

The Service 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.

**Ashtabula County Educational Service Center**

*Management's Discussion and Analysis*

*For the Year Ended June 30, 2007*

*Unaudited*

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During the course of fiscal year 2007, the Service Center amended its general fund budget as needed to reflect changing circumstances. Many of the amendments are due to changes in program attendance and/or client-district needs. The general fund is often called upon to advance funds to one project or another. During the course of the fiscal year, several federal and state grants will surface or material changes in existing ones will require budgetary action.

For the general fund, the final budget basis revenue estimate was \$4,929,156; this was above the original revenue estimate of \$4,778,050. The main difference between the original and final estimates was due to increased intergovernmental revenues used to fund the various services provided to the participating school districts.

The final budget basis expenditures estimate totaled \$8,127,580; this was above the original budget estimate of \$7,809,484. The increase in the budget estimate was a result of an increase in the revenue estimate.

**Capital Assets**

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

**Current Issues**

The Service Center continues to be financially stable and is able to continue to offer the programs needed to enrich and service the various school districts. The Board and administration closely monitor its revenues and expenditures in accordance with board policy. The Service Center is committed to serving its local and city school districts and will continue to do so.

The Service Center is centrally located at the Ashtabula County Joint Vocational School in Jefferson, Ohio. Rent for the office space is currently paid for by the Ashtabula County Commissioners. The central location enables easy access for countywide in-service programs, professional development and training activities.

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

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Service Center's finances and to show the Service Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Bonnie S. Brockway, Treasurer at Ashtabula County Educational Service Center, 1565 State Route 167, P.O. Box 186, Jefferson, Ohio 44047-0186.

**Ashtabula County Educational Service Center**

*Statement of Net Assets - Cash Basis*

*June 30, 2007*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,296,848</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$117,276
Unrestricted	<u>3,179,572</u>
<i>Total Net Assets</i>	<u>\$3,296,848</u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**

*Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2007*

	Program Cash Receipts			Net Receipts (Disbursements) and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$516,805	\$184,226	\$290,567	(\$42,012)
Special	1,865,361	321,497	576,727	(967,137)
Adult/Continuing	129,341	46,902	94,233	11,794
Support Services:				
Pupil	1,355,455	141,406	521,296	(692,753)
Instructional Staff	2,475,706	378,037	734,200	(1,363,469)
Board of Education	55,253	6,991	0	(48,262)
Administration	828,024	38,075	369,202	(420,747)
Fiscal	275,094	57,806	26,527	(190,761)
Business	6,000	0	6,000	0
Operation and Maintenance of Plant	37,180	0	18,036	(19,144)
Pupil Transportation	59,068	50,011	25,756	16,699
Central	63,021	0	0	(63,021)
<b>Total</b>	<b>\$7,666,308</b>	<b>\$1,224,951</b>	<b>\$2,662,544</b>	<b>(3,778,813)</b>
<b>General Receipts</b>				
Grants and Entitlements not Restricted to Specific Programs				3,277,663
Unrestricted Contributions and Donations				1,403
Interest				196,029
Miscellaneous				210,728
<i>Total General Receipts</i>				<u>3,685,823</u>
Change in Net Assets				(92,990)
<i>Net Assets Beginning of Year</i>				<u>3,389,838</u>
<i>Net Assets End of Year</i>				<u><u>\$3,296,848</u></u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**

*Statement of Assets and Fund Balances - Cash Basis*

*Governmental Funds*

*June 30, 2007*

	<u>General</u>	<u>IDEIA Part-B</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$3,179,572</u>	<u>\$19,629</u>	<u>\$97,647</u>	<u>\$3,296,848</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	\$31,757	\$12,553	\$18,446	\$62,756
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	3,147,815	0	0	3,147,815
Special Revenue Funds	<u>0</u>	<u>7,076</u>	<u>79,201</u>	<u>86,277</u>
<i>Total Fund Balances</i>	<u>\$3,179,572</u>	<u>\$19,629</u>	<u>\$97,647</u>	<u>\$3,296,848</u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2007*

	General	IDEIA Part-B	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Intergovernmental	\$3,532,639	\$1,724,880	\$682,688	\$5,940,207
Interest	196,029	0	0	196,029
Tuition and Fees	338,468	0	72,705	411,173
Contributions and Donations	1,403	0	0	1,403
Charges for Services	813,778	0	0	813,778
Miscellaneous	71,420	0	139,308	210,728
<i>Total Receipts</i>	<u>4,953,737</u>	<u>1,724,880</u>	<u>894,701</u>	<u>7,573,318</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	235,565	0	281,240	516,805
Special	1,288,167	543,700	33,494	1,865,361
Adult/Continuing	0	0	129,341	129,341
Support Services:				
Pupil	924,179	274,597	156,679	1,355,455
Instructional Staff	1,603,435	556,908	315,363	2,475,706
Board of Education	55,253	0	0	55,253
Administration	457,272	323,649	47,103	828,024
Fiscal	246,805	19,056	9,233	275,094
Business	0	0	6,000	6,000
Operation and Maintenance of Plant	19,722	0	17,458	37,180
Pupil Transportation	50,615	8,453	0	59,068
Central	63,021	0	0	63,021
<i>Total Disbursements</i>	<u>4,944,034</u>	<u>1,726,363</u>	<u>995,911</u>	<u>7,666,308</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,703</u>	<u>(1,483)</u>	<u>(101,210)</u>	<u>(92,990)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	166,900	15,000	13,555	195,455
Advances Out	(28,555)	(67,500)	(99,400)	(195,455)
<i>Total Other Financing Sources (Uses)</i>	<u>138,345</u>	<u>(52,500)</u>	<u>(85,845)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	148,048	(53,983)	(187,055)	(92,990)
<i>Fund Balances Beginning of Year</i>	<u>3,031,524</u>	<u>73,612</u>	<u>284,702</u>	<u>3,389,838</u>
<i>Fund Balances End of Year</i>	<u>\$3,179,572</u>	<u>\$19,629</u>	<u>\$97,647</u>	<u>\$3,296,848</u>

See accompanying notes to the basic financial statements



**Ashtabula County Educational Service Center**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Intergovernmental	\$3,472,702	\$3,519,531	\$3,532,639	\$13,108
Interest	177,475	191,652	196,029	4,377
Tuition and Fees	313,430	338,468	338,468	0
Contributions and Donations	1,299	1,403	1,403	0
Charges for Services	749,421	809,288	813,778	4,490
Miscellaneous	63,723	68,814	71,420	2,606
<i>Total Receipts</i>	<u>4,778,050</u>	<u>4,929,156</u>	<u>4,953,737</u>	<u>24,581</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	592,552	616,579	241,034	375,545
Special	1,651,253	1,718,965	1,288,472	430,493
Support Services:				
Pupil	1,320,630	1,374,717	924,741	449,976
Instructional Staff	2,578,282	2,683,988	1,610,187	1,073,801
Board of Education	104,096	108,145	55,341	52,804
Administration	987,139	1,026,053	468,974	557,079
Fiscal	346,204	360,439	250,069	110,370
Operation and Maintenance of Plant	43,774	45,590	19,722	25,868
Pupil Transportation	92,895	96,604	54,230	42,374
Central	92,659	96,500	63,021	33,479
<i>Total Disbursements</i>	<u>7,809,484</u>	<u>8,127,580</u>	<u>4,975,791</u>	<u>3,151,789</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(3,031,434)</u>	<u>(3,198,424)</u>	<u>(22,054)</u>	<u>3,176,370</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	166,900	166,900	0
Advances Out	0	0	(28,555)	(28,555)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>166,900</u>	<u>138,345</u>	<u>(28,555)</u>
<i>Net Change in Fund Balance</i>	(3,031,434)	(3,031,524)	116,291	3,147,815
<i>Fund Balance Beginning of Year</i>	2,903,829	2,903,829	2,903,829	0
Prior Year Encumbrances Appropriated	<u>127,695</u>	<u>127,695</u>	<u>127,695</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$90</u>	<u>\$0</u>	<u>\$3,147,815</u>	<u>\$3,147,815</u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*IDEIA Part-B Fund*  
*For the Fiscal Year Ended June 30, 2007*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$1,996,308	\$1,672,380	\$1,724,880	\$52,500
<b>Disbursements</b>				
Current:				
Instruction:				
Special	646,210	546,640	546,640	0
Support Services:				
Pupil	330,539	283,092	283,092	0
Instructional Staff	673,121	563,983	556,907	7,076
Administration	387,216	324,767	324,767	0
Fiscal	22,744	19,056	19,056	0
Pupil Transportation	10,090	8,454	8,454	0
<i>Total Disbursements</i>	<u>2,069,920</u>	<u>1,745,992</u>	<u>1,738,916</u>	<u>7,076</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(73,612)</u>	<u>(73,612)</u>	<u>(14,036)</u>	<u>59,576</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	15,000	15,000
Advances Out	0	0	(67,500)	(67,500)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(52,500)</u>	<u>(52,500)</u>
<i>Net Change in Fund Balance</i>	(73,612)	(73,612)	(66,536)	7,076
<i>Fund Balance Beginning of Year</i>	1,533	1,533	1,533	0
Prior Year Encumbrances Appropriated	<u>72,079</u>	<u>72,079</u>	<u>72,079</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$7,076</u></u>	<u><u>\$7,076</u></u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Fiduciary Assets and Liabilities - Cash Basis*  
*Agency Fund*  
*June 30, 2007*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$153,173</u>
<b>Liabilities</b>	
Due to Others	<u>\$153,173</u>

See accompanying notes to the basic financial statements

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## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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### **Note 1 - Reporting Entity**

In 1963, the Ashtabula County Educational Service Center (the Service Center) was formed. The Service Center supplies special education, supervisory, administrative, fiscal and other needed services to area school districts in Ashtabula County. The Service Center operates under a locally-elected five-member Governing Board form of government and provides educational services as mandated by State or federal agencies to four local and two city school districts. The Board controls the Service Center's staff who provide services to over 14,584 students and other community members in Ashtabula County.

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

#### ***A. Primary Government***

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

#### ***B. Component Units***

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

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

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

### **Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Service Center's accounting policies.

### ***A. Basis of Presentation***

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

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

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

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

### ***B. Fund Accounting***

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

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

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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**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 Service Center for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

### ***C. Basis of Accounting***

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

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

### ***D. Budgetary Process***

The Service Center adopts a budget for all funds, other than agency funds. The Service 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 for all funds. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds. The Treasurer reviews the prior year's revenues and factors in the wages expected to be charged for the services offered and the grants anticipated to be received in order to determine the estimated resources for the current year. The estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Service Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts of the estimated resources approved by the Board when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts of the estimated resources that was in effect at the time the final appropriations were passed by the Board.

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2007*

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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 prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

### ***E. Cash and Investments***

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

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

During fiscal year 2007, the Service Center invested in a nonnegotiable certificate of deposit and STAR Ohio. Nonparticipating investment contracts such as nonnegotiable certificates of deposits are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2007.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2007 was \$196,029, which included \$6,973 assigned from other Service Center funds.

### ***F. Inventory and Prepaid Items***

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

### ***G. Capital Assets***

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

### ***H. Interfund Receivables/Payables***

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

### ***I. Accumulated Leave***

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



**Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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***J. Employer Contributions to Cost-Sharing Pension Plans***

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

***K. Long-Term Obligations***

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

***L. Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Service Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$117,276, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for federal and state grants restricted to cash disbursement for specified purposes. The Service Center's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

***M. Fund Balance Reserves***

The Service Center reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

***N. Interfund Activity***

Internal events that are allocations of overhead disbursements from one function to another or within the same function are eliminated on the Statement of Activities.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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### **Note 3 – Compliance**

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

### **Note 4 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the IDEIA Part-B special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) in the general and IDEIA Part-B special revenue fund were \$31,757 and \$12,553, respectively.

### **Note 5 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the Service Center will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$1,765,544 of the Service Center's bank balance of \$1,965,544 was uninsured and uncollateralized. A third party custodian holds the collateral in a pool, and the uninsured deposits covered by the pool would not be exposed to custodial credit risk because the collateral is held by the government's agent in the government's name.

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

### **Investments**

As of June 30, 2007, the Service Center had STAROhio as the only investment with an amount of \$1,782,975 and a maturity of 34.8 days. The investment is in an internal investment pool.

***Credit Risk*** Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Service Center has no investment policy that would further limit its investment choices.

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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### **Note 6 – State Funding**

The Service Center, under State law, provides supervisory services to local school districts within its territory. Each city, local and exempted village school district that entered into an agreement with the Service Center is considered to be provided supervisory services. The cost of the supervisory services is determined by formula under State law. The State Department of Education apportions the costs for all supervisory services to the local and client school districts based on each school's total student count. The Department of Education deducts each school district's amount from their State foundation program settlements and remits the amount to the Service Center. The Service Center may provide additional supervisory services if the majority of local and client school districts agree to the services and the apportionment of the costs to all of the local and client school districts.

The Service Center also receives funding from the State Department of Education in the amount of \$37 times the average daily membership of the school districts. Average daily membership includes the total student counts of all local school districts within the Service Center's territory and all of the Service Center's client school districts. This amount is paid from State resources. The Department of Education also deducts from the State foundation program settlement of each of the Service Center's local and client school districts an amount equal to \$6.50 times the school district's total student count and remits this amount to the Service Center.

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

### **Note 7 - Risk Management**

#### ***A. Property and Liability***

The Service Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2006, the Service Center joined together with other Service Centers in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool to obtain liability coverage. Each individual school district enters into an agreement with the OSP and its premium is based on the types of coverage and limits of coverage, and deductibles that it selects. The Service Center contracted with OSP for general liability with a \$1,000,000 per occurrence and \$3,000,000 aggregate and for errors and omissions with a \$1,000,000 per occurrence and \$3,000,000 aggregate.

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

#### ***B. Workers' Compensation***

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

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control, assistance with safety programs and actuarial services to the GRP.

### ***C. Employee Medical Benefits***

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

## **Note 8 - Defined Benefit Pension Plans**

### ***A. State Teachers Retirement System***

The Service Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, by calling (614) 227-4090 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The 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 a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The Service Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. 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 Service Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006 and 2005 were \$367,612, \$352,564, and \$418,117, respectively. The full amount has been contributed for fiscal years 2007, 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$163 made by the Service Center and \$3,104 made by the plan members.

### ***B. School Employees Retirement System***

The Service Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 10 percent of their annual covered salary and the Service Center is required to contribute at an actuarially determined rate. The current Service Center rate is 14 percent of annual covered payroll. A portion of the Service Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS' Retirement Board. The Service Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$116,365, \$125,629, and \$176,591 respectively. The full amount has been contributed for fiscal years 2007, 2006 and 2005.

### **Note 9 - Postemployment Benefits**

The Service 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.

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. All 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 Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the Service Center, this amount equaled \$28,278 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. 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, compared to 3.42 percent of covered payroll for fiscal year 2006. 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 two percent of each employer's SERS salaries. For the Service Center, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$57,964.

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 next year. Expenses for health care at June 30, 2006, (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive benefits.

### **Note 10 - Interfund Receivables/Payables**

At June 30, 2007, the general fund had unpaid interfund cash advances, in the amount of \$28,555, for a short-term loan made to the local grants, bus driver training and IDEIA Part-B special revenue funds. These are expected to be repaid within one year.

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007*

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### **Note 11 – Contingent Liabilities**

#### ***A. Grants***

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

#### ***B. Litigation***

The Service Center is not party to legal proceedings.

### **Note 12 - Jointly Governed Organizations**

#### ***A. North East Ohio Management Information Network***

The North East Ohio Management Information Network (NEOMIN) is a jointly governed organization amount thirty Service Centers in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Service Centers. Each of the districts supports NEOMIN based upon a per pupil charge. The Service Center paid \$6,884 to NEOMIN during fiscal year 2007.

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

#### ***B. Ashtabula County Joint Vocational School District***

The Ashtabula County Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating School Districts' elected boards. The degree of control exercised by the Service Center is limited to its representation on the Board. The Board is its own budgeting and taxing authority. Financial information can be obtained from MaryAnn Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.



**Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2007*

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**Note 13 – Public Entity Risk Pools**

***A. Insurance Purchasing Pools***

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

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

***B. Risk Sharing Pool***

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

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**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

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

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Special Education Cluster:</i>				
Special Education Grants to States (IDEIA Part B)	6B-SF-06 6B-SF-07	84.027	\$183,589 1,541,292	\$189,700 1,536,664
Sub-Total - IDEIA, Part B			<u>1,724,881</u>	<u>1,726,364</u>
Early Childhood Special Education, IDEIA	PG-S1-07	84.173	<u>33,944</u>	<u>33,944</u>
Total - Special Education Cluster			<u><b>1,758,825</b></u>	<u><b>1,760,308</b></u>
<b>Total U.S. Department of Education</b>			<b>1,758,825</b>	<b>1,760,308</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<i>Passed Through Ohio Department of Jobs and Family Services:</i>				
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
<i>Medicaid Cluster:</i>				
Medical Assistance Program - Title XIX - Community Alternative Funding System (CAFS)	FY2000-2004	93.778	<u>228,458</u>	<u>0</u>
<b>Total U.S. Department of Health and Human Services</b>			<u><b>228,458</b></u>	<u><b>0</b></u>
<b>TOTALS</b>			<u><b>\$1,987,283</b></u>	<u><b>\$1,760,308</b></u>

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

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CAFS REIMBURSEMENT**

The Ashtabula County Educational Service Center went through a desk audit by the Division of Audits of the Ohio Department of Mental Retardation and Developmental Disabilities. The final settlement resulted in money being returned to the Service Center on behalf of the local school districts from CAFS funding submitted for the time period of January 1, 2001 through December 31, 2003. We considered these monies as Federal revenue. The monies were distributed to the participating local Districts. Such distributions were not considered Federal expenditures since the supporting expenditures occurred in prior years.



# 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*

Ashtabula County Educational Service Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To the Governing Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashtabula County Educational Service Center, Ashtabula County, (the Service Center) as of and for the year ended June 30, 2007, which collectively comprise the Service Center's basic financial statements and have issued our report thereon dated March 24, 2008, wherein, we noted the Service Center uses a comprehensive basis of accounting other than generally accepted accounting principles. 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 Service Center's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Service Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Service 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 Service 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 Service 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 Service 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.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Service Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

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

We intend this report solely for the information and use of management, the Governing Board and 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 24, 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

Ashtabula County Educational Service Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44041

To the Governing Board:

#### Compliance

We have audited the compliance of Ashtabula County Educational Service Center (the Service 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 Service Center's major federal program. The Service Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Service 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 Service 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 Service Center's compliance with those requirements.

In our opinion, the Ashtabula 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 Service Center's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Service 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 Service Center's internal control over compliance.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293  
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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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 Service Center's ability to administer a federal program such that there is more than a remote likelihood that the Government'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 Service 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 management, the Governing Board, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

March 24, 2008



**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA 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 weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions 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 weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions 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: IDEIA, Part B (CFDA No. 84.027) Early Childhood Special Education (CFDA No. 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?	Yes

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

<b>Finding Number</b>	<b>2007-001</b>
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**Noncompliance Citation**

**Annual Financial Report**

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

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

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

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

Official's Response:

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

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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**None**

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA 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; <b><i>Explain</i></b>
2006-001	Ohio Administrative Code § 117-2-03 (B) requires the Service Center to prepare its financial report in accordance with generally accepted accounting principles	No, the Service Center has filed its financial report under the Other Cash Basis of Accounting	The Governing Board, Superintendent and Treasurer do not feel it is cost effective and efficient to prepare the conversion and future reporting needs. Therefore, the Service Center chose to report under the new standards of Other Comprehensive Basis of Accounting (OCBOA).





**Mary Taylor, CPA**  
Auditor of State

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER**

**ASHTABULA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 6, 2008**