LOGAN COUNTY EDUCATIONAL SERVICE CENTER
LOGAN COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Mary Taylor, CPA
Auditor of State

LOGAN COUNTY EDUCATIONAL SERVICE CENTER
LOGAN COUNTY

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Logan County Educational Service Center
Logan County
121 South Opera Street
Bellefontaine, Ohio 43311

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Logan County Educational Service Center, Logan County (the Center), as of and for the fiscal year ended June 30, 2009, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Logan County Educational Service Center, Logan County, as of June 30, 2009, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2010 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.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America 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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 19, 2010

LOGAN COUNTY EDUCATIONAL SERVICE CENTER
LOGAN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

The discussion and analysis of the financial performance of the Logan County Educational Service Center (the Center) provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for Fiscal Year 2009 are as follows:

- In total, net assets decreased $7,938 as a result of all expenditures increasing more than overall revenues.

- Program specific revenues, in the form of charges for services and sales, and operating grants and contributions, accounted for $2,862,104 or 87.6 percent of total revenues.

- The Center had $3,276,234 in total expenses, 87.4 percent of which was offset by program specific charges for services and sales, and operating grants and contributions.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Center's operations and activities as a whole, or as an entire operating entity.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole Center, presenting both an aggregate view of the finances of the Center and a longer-term view of those finances. Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and the available funds for long-term future spending. The fund financial statements also look at the Center's most significant funds with all other non-major funds presented in total in a single column. This level of detail is meant to enhance the financial statements.

Reporting the Logan County Educational Service Center as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Center did financially during Fiscal Year 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the Center's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the Center as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors. Factors can be financial or non-financial. Non-financial factors include mandated educational programs, as well as locally requested programs.

All of the Center's programs and services provided are reported as governmental activities. These activities include: instruction, support services, and non-instructional services.

Reporting the Center's Most Significant Funds

Fund financial statements provide detailed information about the Center's major funds, which includes the General Fund and the Alternative School Fund.

All of the Center's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Center's operations and the basic services it provides.

The relationship, or differences, between governmental activities reported on the Statement of Net Assets and the Statement of Activities and in the governmental funds is reconciled in the financial statements.

Reporting the Center's Fiduciary Responsibilities

The Center acts as a fiscal agent for another entity. This activity is reported in an agency fund. The Center's fiduciary activities are reported in separate statement of fiduciary net assets. This activity is excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The Center as a Whole

Table 1 provides a summary of the Center's net assets for fiscal year 2009 compared to fiscal year 2008.

Table 1
Net Assets
Governmental Activities

	2009	2008
Assets:		
Current and Other Assets	$913,876	$856,353
Capital Assets, Net	39,662	42,055
Total Assets	953,538	898,408
Liabilities:		
Current and Other Liabilities	340,966	277,525
Long-Term Liabilities	102,147	102,520
Total Liabilities	443,113	380,045
Net Assets:		
Invested in Capital Assets	39,662	42,055
Restricted for Other Purposes	234,156	161,687
Unrestricted	236,607	314,621
Total Net Assets	$510,425	$518,363

Table 2 reflects the changes in net assets for Fiscal Year 2009 compared to Fiscal Year 2008.

Table 2
Change in Net Assets
Governmental Activities

	2009	2008
Revenues:		
Program Revenues:		
Charges for Services and Sales	$2,835,314	$2,668,299
Operating Grants and Contributions	26,790	65,023
General Revenues:		
Grants and Entitlements	298,110	299,997
Gifts and Donations	29,708	20,618
Interest	2,945	6,094
Miscellaneous	75,429	63,634
Total Revenues	3,268,296	3,123,665
Program Expenses		
Instruction:		
Special	1,943,780	1,745,502
Support Services:		
Pupils	512,304	398,709
Instructional Staff	234,403	209,682
Board of Education	9,783	10,314
Administration	154,520	144,963
Fiscal	339,180	285,126
Operation and Maintenance of Plant	9,422	9,366
Central	40,978	31,261
Non-Instructional	31,739	22,211
Extracurricular Activities	125	5,185
Total Expenses	3,276,234	2,862,319
Increase (Decrease) in Net Assets	($ 7,938)	$ 261,346

The total revenues and total expenses increased in Fiscal Year 2009 which resulted in an decrease in net assets for Fiscal Year 2009.

Table 3 indicates the total cost of services and the net cost of services. The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services.

Table 3
Cost of Services

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Instruction:				
Special	$1,943,780	($375,248)	$1,745,502	($887,265)
Support Services:				
Pupils	512,304	50,790	398,709	372,462
Instructional Staff	234,403	155,841	209,682	138,374
Board of Education	9,783	9,783	10,314	10,314
Administration	154,520	151,520	144,963	141,963
Fiscal	339,180	339,180	285,126	285,126
Operation and Maintenance of Plant	9,422	9,422	9,366	9,366
Central	40,978	40,978	31,261	31,261
Non-Instructional Services	31,739	31,739	22,211	22,211
Extracurricular Activities	125	125	5,185	5,185
Total Expenses	$3,276,234	$414,130	$2,862,319	$128,997

During Fiscal Year 2009, program revenues were adequate to cover instructional activities. For all governmental activities, support from general revenues was 12.6 percent.

The Center's Funds

The Center's governmental funds are accounted for using the modified accrual basis of accounting. The Center had two major funds, the General Fund and the Alternative School Fund, which comprised 92% of total governmental fund assets. All governmental funds had total revenues of $3,268,296 and expenditures of $3,274,214.

General Fund – this fund, the District's largest major fund, had receipts of $2,384,859 and disbursements of $2,463,246 in 2009. The fund balance decreased $78,387 from 2008 to 2009 as a result of expenditures increasing more than revenues.

Alternative Schools Fund – this Fund had receipts of $783,198 and expenditures of $717,198. The balance in this Fund increased $66,000 from 2008 to 2009 as a result of additional classroom at Adriel School and an increase in student enrollment from 2008 to 2009.

Capital Assets

At the end of Fiscal Year 2009, the Center had $39,662 invested in capital assets (net of accumulated depreciation). For further information regarding the Center's capital assets, see the notes to the basic financial statements.

Debt

The Center had no debt in Fiscal Year 2009. The only long-term obligations of the Center are related to compensated absences. For further information regarding the Center's long-term obligations, see the notes to the basic financial statements.

Current Issues

The Logan County Commissioners will continue to provide us with office space at no cost.

Contacting the Center's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Center's finances and to reflect accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sara Tracey, Treasurer, Logan County Educational Service Center, 121 South Opera Street, Bellefontaine, Ohio 43311.

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LOGAN COUNTY EDUCATIONAL SERVICE CENTER
LOGAN COUNTY

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$840,165
Accured Interest Receivable	82
Accounts Receivable	73,629
Depreciable Capital Assets, Net	39,662
Total Assets	953,538
Liabilities:	
Accounts Payable	50,439
Accrued Wages and Benefits Payable	226,579
Intergovernmental Payable	51,524
Matured Compensated Absences Payable	12,424
Long Term Liabilities:	
Due Within One Year	
Due Within One Year	44,431
Due in More Than One Year	57,716
Total Liabilities	443,113
Net Assets:	
Invested in Capital Assets	39,662
Restricted for Other Purposes	234,156
Unrestricted	236,607
Total Net Assets	$510,425

See accompanying notes to basic financial statements.

LOGAN COUNTY EDUCATIONAL SERVICE CENTER
LOGAN COUNTY

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		Program Revenues		Net (Expense) Revenue and Change in Net Assets
	Expenses	**Charges for Services and Sales**	**Operating Grants, and Contributions**	**Governmental Activities**
Governmental Activities:				
Instruction:				
Special	$1,943,780	$2,319,028		$375,248
Support Services:				
Pupils	512,304	461,514		(50,790)
Instructional Staff	234,403	54,772	$23,790	(155,841)
Board of Education	9,783			(9,783)
Administration	154,520		3,000	(151,520)
Fiscal	339,180			(339,180)
Operation and Maintenance of Plant	9,422			(9,422)
Central	40,978			(40,978)
Non-Instructional Services	31,739			(31,739)
Extracurricular Activities	125			(125)
Total Governmental Activities	$3,276,234	2,835,314	26,790	(414,130)

General Revenues:	
Grants and Entitlements not Restricted to Specific Programs	298,110
Gifts and Donations	29,708
Investment Earnings	2,945
Miscellaneous	75,429
Total General Revenues	406,192
Change in Net Assets	(7,938)
Net Assets Beginning of Year	518,363
Net Assets End of Year	$510,425

See accompanying notes to basic financial statements.

LOGAN COUNTY EDUCATIONAL SERVICE CENTER
LOGAN COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Alternative Schools	Other Governmental Funds	Totals Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	$603,990	$170,361	$65,814	$840,165
Accrued Interest Receivable	82			82
Accounts Receivable	762	69,688	3,179	73,629
Interfund Receivable	856			856
Total Assets	605,690	240,049	68,993	914,732
Liabilities:				
Accounts Payable	34,549	1,336	14,554	50,439
Accrued Wages and Benefits Payable	179,282	46,620	677	226,579
Interfund Payable			856	856
Intergovernmental Payable	40,681	10,843		51,524
Matured Compensated Absences Payable	12,424			12,424
Total Liabilities	266,936	58,799	16,087	341,822
Fund Balances:				
Reserved for Encumbrances	6,195	66,068	15,347	87,610
Unreserved, Undesignated Reported In:				
General Fund	332,559			332,559
Special Revenue Funds		115,182	37,559	152,741
Total Fund Balances	338,754	181,250	52,906	572,910
Total Liabilities and Fund Balances	$605,690	$240,049	$68,993	$914,732

See accompanying notes to basic financial statements.

LOGAN COUNTY EDUCATIONAL SERVICE CENTER
LOGAN COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009

Total Governmental Fund Balances	$572,910
Amounts reported for governmental activities on the statement of net assets are different because of the following:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	39,662
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:	
Compensated Absences Payable	(102,147)
Net Assets of Governmental Activities	$510,425

See accompanying notes to basic financial statements.

LOGAN COUNTY EDUCATIONAL SERVICE CENTER
LOGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General Fund	Alternative Schools	Other Governmental Funds	Total Governmental Funds
Revenues:				
Intergovernmental	$298,110		$26,790	$324,900
Interest	2,945			2,945
Tuition and Fees	1,374,884	781,673		2,156,557
Gifts and Donations			29,708	29,708
Customer Sales and Services	641,960		36,797	678,757
Miscellaneous	66,960	1,525	6,944	75,429
Total Revenues	2,384,859	783,198	100,239	3,268,296
Expenditures:				
Current:				
Instruction:				
Special	1,221,902	717,198		1,939,100
Support services:				
Pupils	470,883		51,055	521,938
Instructional Staff	189,819		39,662	229,481
Board of Education	9,783			9,783
Administration	148,208		2,928	151,136
Fiscal	340,512			340,512
Operation and Maintenance of Plant	9,422			9,422
Central	40,978			40,978
Non-Instructional Services	31,739			31,739
Extracurricular activities			125	125
Total Expenditures	2,463,246	717,198	93,770	3,274,214
Net Change in Fund Balance	(78,387)	66,000	6,469	(5,918)
Fund Balances at Beginning of Year	417,141	115,250	46,437	578,828
Fund Balances at End of Year	$338,754	$181,250	$52,906	$572,910

See accompanying notes to basic financial statements.

LOGAN COUNTY EDUCATIONAL SERVICE CENTER
LOGAN COUNTY

RECONCIALIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Net Change in Fund Balances - Total Governmental Funds	($5,918)
Amounts reported for governmental activities on the statement of activities are different because of the following:	
Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.	
Capital Outlay - Depreciable Capital Assets	
Depreciation	(2,393)
Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:	
Compensated Absences Payable	373
Change in Net Assets of Governmental Activities	($7,938)

See accompanying notes to basic financial statements.

LOGAN COUNTY EDUCATIONAL SERVICE CENTER
LOGAN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Agency
Assets:	
Equity in Pooled Cash and Cash Equivalents	$106,128
Liabilities:	
Undistributed Monies	$106,128

See accompanying notes to basic financial statements.

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1. REPORTING ENTITY

The Logan County Educational Service Center (the Center) is located in Bellefontaine, Ohio, the county seat. The Center supplies supervisory, special education, administrative, and other services to Benjamin Logan, Riverside, and Indian Lake Local School Districts. The Center furnishes leadership and consulting services designed to strengthen the school districts in areas they are unable to finance or staff independently.

The Center is operated under a locally elected Board form of government consisting of five members at-large for staggered four terms. The Center has 42 support staff employees and 27 certified teaching personnel that provide services to the local and city school districts.

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

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

The Center is associated with several organizations, which are defined as jointly governed organizations and two public entity risk pools. These organizations include the Western Ohio Computer Organization, Ohio Hi-Point Joint Vocational School, the Logan County Family and Children First Council, the Logan County Education Foundation, the Logan County Schools Benefit Plan Association, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are discussed in Notes 13 and 14 to the basic financial statements.

The Center serves as fiscal agent for the Family and Children First Council, a jointly governed organization for the Center. The Center also is the cash conduit for various grant funds belonging to the three school districts within the County. Accordingly, this activity is presented within the Center's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the Center's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The 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.

1. Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The Statement of Net Assets presents the financial condition of the governmental activities of the Center at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Center's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the Center.

2. Fund Financial Statements

During the fiscal year, the Center segregates transactions related to certain 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 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The 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. There are two categories of funds utilized by the Center, governmental and fiduciary.

1. Governmental Funds

Governmental funds are those through which all governmental functions of the Center are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The Center has the following two major governmental funds:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Alternative Schools Fund - The Alternative Schools Fund is used to account for alternative educational programs existing and new at-risk and delinquent youth. Programs are focused on youth in one or more of the following categories: those who have been expelled or suspended, those who have dropped out of school or who are at risk of dropping out of school, those who are habitually truant or disruptive, or those on probation or on parole from a Department of Youth Services' facility.

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

2. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. 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 Center under a trust agreement for individuals, private organizations, or other governments and are not available to support the Center's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center did not have any trust funds. The Center's agency funds account for resources held for other organizations.

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the Center are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

1. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Center, available means expected to be received within sixty days of fiscal year end.

Non-Exchange transactions, in which the Center receives value without directly giving equal value in return, include grants, entitlements, and donations. On the accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: grants, interest, tuition, fees, and customer services.

2. Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On the governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred revenue. The Center did not have any deferred revenues.

3. Expenses/Expenditures

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

To improve the cash management, cash received by the Center is pooled. Monies for all funds are maintained in the pool. Individual fund integrity is maintained through the Center's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." The Center allocates interest according to State statutes. Interest revenue credited to the General Fund during Fiscal Year 2009 was $2,945 which includes $910 assigned from other funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Center are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. The Center did not have any investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed. The Center did not have any pre-paid items.

G. Capital Assets

All of the Center's capital assets are governmental capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column on the government-wide Statement of Net Assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The Center's capitalization threshold is one thousand dollars. The Center does not have any infrastructure. Improvements are capitalized. All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	40 years
Furniture and Fixtures	5 - 20 years
Equipment	10 years

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Center will compensate the employees for the benefits through paid time off or some other means. The Center records a liability of accumulated unused vacation leave time when earned for all employees with more than one year of service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Center's termination policy. The Center records a liability for accumulated unused sick leave for all employees after twenty years of current service with the Center, or after fifteen years of service and at least forty five years of age, or after five years of service and at least fifty years of age.

I. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension obligations and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. 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. Net assets restricted for other purposes include activities for federal and state grants restricted to expenditures for specified purposes. The Center did not have any net assets restricted by enabling legislation.

The Center's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance Reserves

The Center reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

L. Inter-Fund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Inter-fund transfers between governmental funds are eliminated for reporting purposes on the Statement of Activities. The Center did not have any interfund transfers during fiscal year 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/ Payables." Interfund balances within governmental activities are eliminated on the statement of net assets.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Center did not have this activity during Fiscal Year 2009.

N. Estimates

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

3. ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balance

Fund balance at June 30, 2009 included the following individual fund deficit:

Summer Intervention	$9,699

The General Fund is liable for any deficits in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance results from adjustments to accrued liabilities.

4. DEPOSITS AND INVESTMENTS

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

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

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 monies are those monies that 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.

4. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

4. 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 items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool;

8. Certain banker's acceptance and commercial paper notes, if training requirements have been met, for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, 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 No. 3. "Deposits With Financial Institutions, Investments (Including Repurchased Agreements), and Reverse Repurchase Agreements

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, $783,781 of the Center's bank balance of $1,033,781 was exposed to custodial credit 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.

4. DEPOSITS AND INVESTMENTS (Continued)

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.

B. Investments

As of June 30, 2009, the Center did not have any investments.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Center has no investment policy that addresses interest rate risk.

Custodial Credit Risk - For an investment, 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. The Center has no policy that addresses custodial credit risk.

Concentration of Credit Risk - The Center places no limit on the amount it may invest in any one issuer.

5. STATE FUNDING

The Center is funded by the State Department of Education from State resources and the school districts to which the Center provides services. The school district's portion is determined by multiplying the average daily membership of the school district (the total number of students enrolled) by $6.50 all school districts. This amount is deducted by the State Department of Education from that school district's resources provided under the State's Foundation Program.

The Department of Education's portion is determined by multiplying the sum of the average daily memberships of all of the school district's served by the Center by $37.

This amount is provided from State resources. If additional funding is needed for the Center, and if a majority of the Boards of Education of the school districts served by the Center approve, the cost can be increased. The portion that is in excess of the original funding calculation is shared by all of the local school districts served by the Center through additional reductions in their resources provided through the State Foundation Program. The State Board of Education initiates and supervises the procedure under which the local school districts approve or disapprove the additional apportionment.

6. RECEIVABLES

Receivables at June 30, 2009, consisted of accounts, accrued interest, and inter-fund. All receivables are considered collectible within one year and in full.

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09
Governmental Activities:				
Depreciable Capital Assets				
Buildings and Building Improvements	$42,000			$42,000
Furniture, Fixtures, and Equipment	46,520			46,520
Total Depreciable Capital Assets	88,520			88,520
Less Accumulated Depreciation:				
Buildings and Building Improvements	6,388	$1,050		7,438
Furniture, Fixtures, and Equipment	40,077	1,343		41,420
Total Accumulated Depreciation	46,465	2,393		48,858
Depreciable Capital Assets, Net	$42,055	($2,393)		$39,662

The Center's buildings consist of a modular classroom that is used by the local school districts served by the Center.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Special	$ 278
Support Services:	
Pupil	120
Instructional Staff	290
Administration	1,499
Fiscal	206
Total Depreciation Expense	$2,393

8. RISK MANAGEMENT

A. Property and Liability

The Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the Center contracted with Nationwide Insurance for general liability insurance. Property is also protected by Nationwide Insurance. Coverage provided by Nationwide Insurance is as follows:

Coverage	Limit	Aggregate Limit	Deductible
General Liability	$1,000,000	$3,000,000	
Employee Benefits	1,000,000	3,000,000	
Employers' Liability	1,000,000		
Educational Legal Liability	1,000,000	3,000,000	$2,500

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

8. RISK MANAGEMENT (Continued)

B. Health Insurance

The Center participates in the Logan County Schools Benefit Plan Association (the Plan), a public entity shared risk pool (Note 14) consisting of three local school districts, one joint vocational school district and the Center. The Center pays monthly premiums to the Plan for employee medical benefits. The Plan is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

C. Workers' Compensation

For Fiscal Year 2009, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 14). 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 ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP. Each year, the Center pays an enrollment fee to the plan to cover the costs of administering the program.

9. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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 43215-3746.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14% of annual cover payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2009, the allocation to pension and death benefits is 9.09%. The remaining 4.91% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Fund. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were $88,321, $72,341, and $62,477, respectively; 92 percent has been contributed for Fiscal Year 2009 and 100 percent for Fiscal Years 2008 and 2007. $11,265 represents the unpaid pension contribution for fiscal year 2009.

B. State Teachers Retirement System

Plan Description - The Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. 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 St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site 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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - For the fiscal year ended June 30, 2009, 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 STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were $190,674, $167,337, and $146,777, respectively; 84 percent has been contributed for Fiscal Year 2009 and 100 percent for Fiscal Years 2008 and 2007.

10. POST-EMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The Center participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute.

The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for Fiscal Year 2009, this amount was $8,925.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The Center's contributions for health care for the Fiscal Years ended June 30, 2009, 2008 and 2007 were $40,420, $33,011, and 20,742 respectively; 92 percent has been contributed for Fiscal Year 2009 and 100 percent for Fiscal Years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The Center's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008 and 2007 were $7,287, $5,212, and $4,248, respectively; 92 percent has been contributed for Fiscal Year 2009 and 100 percent for Fiscal Years 2008 and 2007.

10. POST-EMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

Plan Description – The Center contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For Fiscal Year 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Center's contributions for health care for the fiscal years ended June 30, 2009, 2008 and 2007 were $14,667, $12,872, and $11,291 respectively; 84 percent has been contributed for Fiscal Year 2009 and 100 percent for Fiscal Years 2008 and 2007.

11. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation, personal and sick leave components are derived from negotiated agreements and State laws. All twelve-month employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time does carry beyond the contract year in which it is earned. Accumulated, unused vacation time is paid to administrators upon termination of employment if negotiated with the Board of Education. Teachers do not earn vacation time. All employees earn three days of personal leave per fiscal year. Accumulated, unused personal leave does not carry beyond the contract year in which it is earned.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for all personnel. Upon retirement, payment is made for 22.5 percent of accrued, but unused sick leave credit to a maximum of 45 days for all employees.

B. Life Insurance

The Center provides life insurance and accidental death and dismemberment insurance to most employees through Genworth Life and Health Insurance Company.

12. LONG-TERM OBLIGATIONS

Changes in the Center's long-term obligations during fiscal year 2009 were as follows:

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09	Amounts Due Within One Year
Governmental Activities					
Compensated Absences	$102,520	$21,785	($22,158)	$102,147	$44,431

Compensated absences will be paid from the General Fund.

13. JOINTLY GOVERNED ORGANIZATIONS

A. Western Ohio Computer Organization

The Center is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these districts supports WOCO based upon a per pupil charge dependent upon the software package utilized. The governing board of WOCO consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board.

In accordance with GASB Statement No. 14, the Center does not have an equity interest in WOCO, as the residual interest in the net resources of the joint venture upon dissolution is not equivalent to an equity interest. Financial information can be obtained from Sonny Ivey, Director, at 129 East Court Street, Sidney, Ohio 45365.

B. Ohio Hi-Point Joint Vocational School District

The Ohio Hi-Point Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Ohio Hi-Point Joint Vocational School District, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

C. Family and Children First Council

The Family and Children First Council provides services to multi-need youth in Logan County. Members of the council include but are not limited to the Logan County Board of Mental Retardation and Development Disabilities, Mental Health Board, Logan County Child Support Enforcement Agency, Alcohol, Drug and Mental Health Service Board, Logan County Head Start, Logan County Board of Health, Logan County Human Services, Logan County Educational Service Center and the Ohio Department of Youth Services. The operation of the council is controlled by an advisory committee, which consists of a representative from each agency. Funding comes mainly from the State of Ohio. Financial information can be obtained from Tammy Nicholl, Executive Director, 1973 State Route 47 West, Bellefontaine, Ohio 43311.

13. JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Logan County Education Foundation

The Logan County Education Foundation was established to secure and distribute contributions from individuals, corporations, and foundations for the benefit of students within the county. The Foundation promotes, sponsors, and encourages the pursuit of excellence in education for students. The Foundation is managed by a Board of Trustees composed of six trustees from each school district. These trustees are nominated by their local school boards including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District, and Riverside Local School District. The Executive Board is comprised of the Logan County Educational Service Center Superintendent representing the three local school districts and the Bellefontaine City School District Superintendent representing the city school district. Financial information can be obtained by contacting Eric Thom, who serves as Managing Director, 121 S. Opera Street, Bellefontaine, Ohio 43311.

14. INSURANCE POOLS

A. Logan County Schools Benefit Plan Association

The Center participates in the Logan County Schools Benefit Plan Association (the Plan), a public entity shared risk pool consisting of one local school district, one joint vocational school district and the Center. The Center pays monthly premiums to the Plan for employee medical benefits. The Plan is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating districts pay an enrollment fee to the GRP to cover the costs of administering the program.

15. INTER-FUND TRANSACTIONS

The General Fund advanced $856 to non-major funds to cover costs incurred in those funds where grant revenues had not been received at fiscal year end. These inter-fund balances will be repaid once the anticipated grant revenues are received. All inter-fund balances are expected to be repaid within one year.

16. CONTINGENCIES

A. Grants

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2009.

B. Litigation

There are currently no matters in litigation with the Center as defendant.

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

Logan County Educational Service Center
Logan County
121 South Opera Street
Bellefontaine, Ohio 43311

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Logan County Educational Service Center, Logan County (the Center), as of and for the fiscal year ended June 30, 2009, which collectively comprise the Center's basic financial statements and have issued our report thereon dated January 19, 2010. 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 a certain matter that we reported to the Center's management in a separate letter dated January 19, 2009.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and Board of Education. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 19, 2010

Mary Taylor, CPA
Auditor of State

EDUCATIONAL SERVICE CENTER

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 16, 2010