



Dave Yost • Auditor of State

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Hardin County Educational Service Center
Hardin County
1211 West Lima Street
Kenton, Ohio 43326

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hardin County Educational Service Center, Hardin County, Ohio (the Center), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hardin County Educational Service Center, Hardin County, Ohio, as of June 30, 2014, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 13 to the financial statements, effective August 1, 2013, the Center's sponsorship of the Hardin Community School was terminated. We did not modify our opinion in regards to this matter.

As discussed in Note 14 to the financial statements, effective July 1, 2014, the Center merged with the Logan and Shelby County Educational Service Centers to form the Midwest Regional Educational Service Center. We did not modify our opinion in regards to this matter.

Other Matters

Supplemental and Other Information

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

Management's Discussion & Analysis includes tables of net cash position, changes in net cash position, governmental activities, changes in fund cash balances, and cash financial activity of the general fund. This information provides additional analysis and is not a required part of the basic financial statements.

The Budgetary Schedules for the General Fund and IDEA Fund for the year ended June 30, 2014 also present additional analysis and are not required part of the basic financial statements.

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

Other than the aforementioned procedures applied to the tables and schedules, we applied no procedures to any other information in Management's Discussion & Analysis and Budgetary Schedules for the General Fund and IDEA Funds, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

October 9, 2014

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**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The management's discussion and analysis of the Hardin County Educational Service Center's (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2014, within the limitations of the Center's cash basis of accounting. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the cash basis basic financial statements and the notes to the cash basis basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- In total, net cash position of governmental activities decreased \$165,179 which represents a 12.40% decrease from 2013.
- General cash receipts accounted for \$57,091 or 4.27% of total governmental activities cash receipts. Program specific cash receipts in the form of charges for services and sales, grants and contributions accounted for \$1,280,822 or 95.73% of total governmental activities cash receipts of \$1,337,913.
- The Center had \$1,503,092 in cash disbursements related to governmental activities; \$1,280,822 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts supporting governmental activities (primarily unrestricted grants and entitlements) of \$57,091 were not adequate to provide for these programs.
- The Center's major governmental funds are the general fund and IDEA fund. The general fund had \$1,137,195 in cash receipts and \$1,260,119 in cash disbursements and other financing uses. During fiscal year 2014, the general fund's fund cash balance decreased \$122,924 from \$1,270,499 to \$1,147,575.
- The Center's other major governmental fund is the IDEA fund. The IDEA fund had \$109,700 in cash receipts and \$156,374 in cash disbursements. During fiscal year 2014, the IDEA fund's fund cash balance decreased \$46,674 from \$29,281 to (\$17,393).

Using these Cash Basis Basic Financial Statements

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

The statement of net position - cash basis and statement of activities - cash basis provide information about the activities of the whole Center, presenting both an aggregate view of the Center's cash basis finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Center, the general fund and IDEA fund are by far the most significant funds, and the only governmental funds reported as major funds.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

Reporting the Center as a Whole

Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at cash basis financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position - cash basis and statement of activities - cash basis answer this question. These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Center's net cash position and changes in that position on a cash basis. This change in net cash position is important because it tells the reader that, for the Center as a whole, the cash basis financial position of the Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Center's facility conditions, required educational programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position - cash basis and statement of activities - cash basis, the governmental activities include the Center's programs and services, including instruction and support services.

The Center's statement of net position - cash basis and statement of activities - cash basis can be found on pages 13-14 of this report.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental funds begins on page 10. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's only major governmental funds are the general fund and IDEA fund.

Governmental Funds

Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund financial statements provide a detailed view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance educational programs. Since the Center is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the statement of activities - cash basis due to advances between governmental funds being eliminated for reporting in the statement of activities - cash basis. The governmental fund statements can be found on pages 15-16 of this report.

Reporting the Center's Fiduciary Responsibilities

The Center acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. Only the cash held at year end is reported in a separate statement of fiduciary net position - cash basis on page 17. This cash is excluded from the Center's other financial statements because the cash cannot be utilized by the Center to finance its operations.

Notes to the Cash Basis 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. These notes to the cash basis basic financial statements can be found on pages 19-33 of this report.

The Center as a Whole

Recall that the statement of net position - cash basis provides the perspective of the Center as a whole. The table below provides a summary of the Center's net cash position for 2014 and 2013.

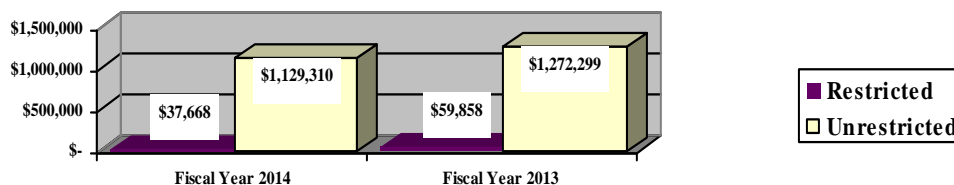
Net Cash Position		
	Governmental Activities 2014	Governmental Activities 2013
Assets:		
Equity in pooled cash and cash equivalents	\$1,166,978	\$1,332,157
Net Cash Position:		
Restricted	37,668	59,858
Unrestricted	1,129,310	1,272,299
Total net cash position	\$1,166,978	\$1,332,157

Over time, net cash position can serve as a useful indicator of a government's financial position. At June 30, 2014, the Center's total net cash position was \$1,166,978.

A portion of the Center's net cash position, \$37,668, represents resources that are subject to external restrictions on how they may be used. The remaining balance of government-wide unrestricted net cash position of \$1,129,310 may be used to meet the Center's ongoing obligations to students and creditors.

The graph below presents the Center's governmental activities restricted and unrestricted net cash position for fiscal years 2014 and 2013.

Governmental Activities - Restricted and Unrestricted Net Cash Position



**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

The table below shows the change in net cash position for fiscal years 2014 and 2013.

Change in Net Cash Position		
	Governmental Activities 2014	Governmental Activities 2013
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	\$1,080,104	\$1,721,296
Operating grants and contributions	200,718	375,654
General cash receipts:		
Grants and entitlements	34,815	403,127
Investment earnings	1,114	1,178
Miscellaneous	21,162	7,397
Total cash receipts	1,337,913	2,508,652
Cash Disbursements		
Program disbursements:		
Instruction:		
Regular	10,125	64,180
Special	437,385	928,968
Support services:		
Pupil	431,229	519,430
Instructional staff	50,979	80,217
Board of education	22,635	17,591
Administration	220,316	193,186
Fiscal	63,256	118,560
Operations and maintenance	11,592	19,988
Central	80,264	79,960
Extracurricular activities		1,071
Intergovernmental	175,311	272,317
Total cash disbursements	1,503,092	2,295,468
Change in net cash position	(165,179)	213,184
Net cash position at beginning of year	1,332,157	1,118,973
Net cash position at end of year	\$1,166,978	\$1,332,157

Governmental Activities

Net cash position of the Center's governmental activities decreased \$165,179. Total governmental cash disbursements of \$1,503,092 were offset by program cash receipts of \$1,280,822 and general cash receipts of \$57,091. Program cash receipts supported 85.21% of the total governmental cash disbursements.

The primary sources of cash receipts for governmental activities are derived from charges for services and sales. These cash receipts represent 80.73% of total governmental cash receipts.

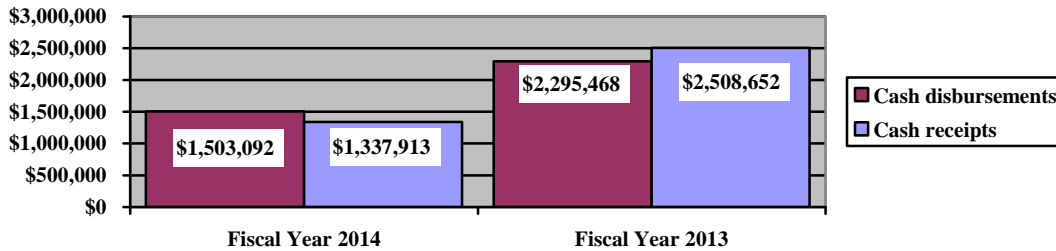
The largest cash disbursement of the Center is for support services. Support services cash disbursements totaled \$880,271 or 58.56% of total governmental cash disbursements for fiscal year 2014.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

The graph below presents the Center's governmental activities cash receipts and cash disbursements for fiscal years 2014 and 2013.

Governmental Activities - Cash Receipts and Disbursements



The statement of activities - cash basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Program cash disbursements				
Instruction:				
Regular	\$10,125	\$1,338	\$64,180	\$5,305
Special	437,385	54,450	928,968	91,921
Support services:				
Pupil	431,229	56,973	519,430	57,508
Instructional staff	50,979	6,735	80,217	9,296
Board of education	22,635	2,990	17,591	1,948
Administration	220,316	28,619	193,186	19,925
Fiscal	63,256	8,357	118,560	13,126
Operations and maintenance	11,592	1,532	19,988	2,213
Central	80,264	9,042	79,960	10,453
Extracurricular activities			1,071	119
Intergovernmental	175,311	52,234	272,317	(13,296)
Total cash disbursements	\$1,503,092	\$222,270	\$2,295,468	\$198,518

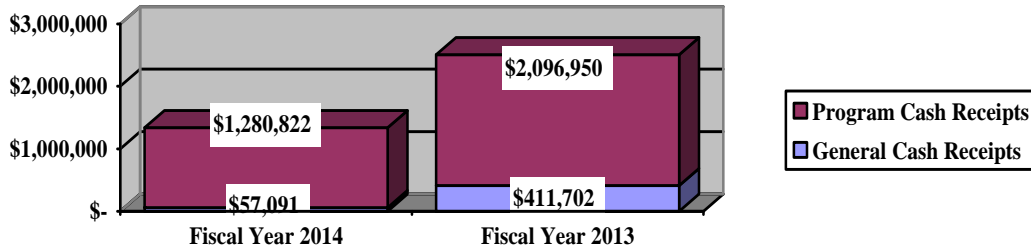
The Center primarily depends upon charges for services provided by member districts; however, dependence upon other general cash receipts for governmental activities is apparent as 12.47% of instructional activities are supported through grants and entitlements (including State foundation), other general cash receipts, and cash fund balance. For all governmental activities, general cash receipt and fund balance support is 14.79%.

The graph below presents the Center's governmental activities cash receipts for fiscal years 2014 and 2013.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

Governmental Activities - General and Program Cash Receipts



The Center's Funds

The Center's governmental funds reported a combined fund cash balance of \$1,166,978, which is less than last year's total of \$1,332,157. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2014 and 2013.

	Fund Cash Balance (Deficit) June 30, 2014	Fund Cash Balance June 30, 2013	Increase (Decrease)	Percentage Change
General	\$1,147,575	\$1,270,499	(\$122,924)	(9.68) %
IDEA	(17,393)	29,281	(46,674)	(159.40) %
Other Governmental	36,796	32,377	4,419	3.65 %
Total	\$1,166,978	\$1,332,157	(\$165,179)	(12.40) %

General Fund

The Center's general fund cash balance decreased \$122,924. The table that follows assists in illustrating the cash financial activities of the general fund.

	2014 Amount	2013 Amount	Increase (Decrease)	Percentage Change
Cash Receipts:				
Tuition and fees	\$1,040,781	\$1,664,104	(\$623,323)	(37.46) %
Contract services	39,323	57,192	(17,869)	(31.24) %
Earnings on investments	1,114	1,178	(64)	(5.43) %
Intergovernmental	34,815	403,127	(368,312)	(91.36) %
Other	21,162	7,397	13,765	186.09 %
Total	1,137,195	2,132,998	(995,803)	(46.69) %
Cash Disbursements:				
Instruction	373,130	918,973	(545,843)	(59.40) %
Support services	869,598	1,017,350	(147,752)	(14.52) %
Extracurricular activities		1,071	(1,071)	(100.00) %
Total	\$1,242,728	\$1,937,394	(\$694,666)	(35.86) %

Contract services decreased \$17,869 or 31.24% due mainly to less being received from contracts paid by client districts. Tuition and fees decreased \$623,323 or 37.46% due mainly to less foundation payments being received. Intergovernmental receipts decreased \$368,312 or 91.36% due to a decrease in state foundation funding in 2014. Instruction cash disbursements decreased \$545,843 or 59.40% primarily due from a salary and wages decrease from fiscal year 2013. Support services cash disbursements decreased \$147,752 or 14.52%, due to a general decrease in operating costs.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

Capital Assets and Debt Administration

Capital Assets

The Center does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as cash disbursements.

Debt Administration

The Center had no debt obligations outstanding at June 30, 2014.

Current Financial Related Activities

As the preceding information shows, the Center heavily depends on its tuition and intergovernmental payments. The future is not without challenges. Thus, management must diligently plan disbursements, staying carefully within the Center's five-year plan. Additional receipts must not be treated as a windfall to expand programs, but as an opportunity to extend the time horizon of the five-year plan.

In conclusion, the Hardin County Educational Service Center has committed itself to financial excellence for many years. The Center prides itself on providing quality service while at the same time being sensitive to the financial hardships facing its client districts. A sound system of budgeting and internal controls enables the Center to operate efficiently and to meet the financial challenges of the future.

In addition, on March 4, 2014, the Center approved to merge with Shelby and Logan County Educational Service Centers. The merged Center will be renamed the Midwest Regional Educational Service Center. The Governing Board of the Shelby, Logan, and Hardin Centers were dissolved as of June 30, 2014 and the merged Center will start effective July 1, 2014.

Contacting the Center's Financial Management

The financial report is designed to provide citizens, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money received. Questions about the report may be directed to: Sara Tracey, Treasurer, Hardin County Educational Service Center, 1211 West Lima Street, Kenton, Ohio 43326, or email at tracey@loganesc.k12.oh.us.

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**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2014**

	Primary Government
	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$1,166,978
Total assets	1,166,978
Net Cash Position:	
Restricted for:	
State funded programs	22,111
Federally funded programs	14,685
Other purposes	872
Unrestricted	1,129,310
Total net cash position	\$1,166,978

See accompanying notes to the basic financial statements.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Cash Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$10,125	\$8,787		(\$1,338)
Special	437,385	315,046	\$67,889	(54,450)
Support services:				
Pupil	431,229	374,256		(56,973)
Instructional staff	50,979	44,244		(6,735)
Board of education	22,635	19,645		(2,990)
Administration	220,316	181,945	9,752	(28,619)
Fiscal	63,256	54,899		(8,357)
Operations and maintenance	11,592	10,060		(1,532)
Central	80,264	71,222		(9,042)
Intergovernmental	175,311		123,077	(52,234)
Totals	\$1,503,092	\$1,080,104	\$200,718	(222,270)

General Cash Receipts:

Grants and entitlements not restricted to specific programs	34,815
Investment earnings	1,114
Miscellaneous	21,162
Total general cash receipts	57,091
 Change in net cash position	 (165,179)
 Net cash position at beginning of year	 1,332,157
 Net cash position at end of year	 \$1,166,978

See accompanying notes to the basic financial statements.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General	IDEA	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents (deficit)	\$1,147,575	(\$17,393)	\$36,796	\$1,166,978
Total assets (deficit)	1,147,575	(17,393)	36,796	1,166,978
 Fund Cash Balances:				
Non-spendable:				
Discretionary nonspendable	872			872
Restricted:				
Public school preschool			20,067	20,067
Special education			308	308
Targeted academic assistance			7,100	7,100
Other purposes			9,321	9,321
Assigned:				
Other purposes	153,576			153,576
Unassigned (deficit)	993,127	(17,393)		975,734
Total fund cash balances (deficit)	\$1,147,575	(\$17,393)	\$36,796	\$1,166,978

See accompanying notes to the basic financial statements.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>IDEA</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash Receipts:				
From local sources:				
Tuition and fees	\$1,040,781			\$1,040,781
Contract services	39,323			39,323
Earnings on investments	1,114			1,114
Other local revenues	21,162			21,162
Intergovernmental - state	34,815		\$77,641	112,456
Intergovernmental - federal		\$109,700	13,377	123,077
Total cash receipts	<u>1,137,195</u>	<u>109,700</u>	<u>91,018</u>	<u>1,337,913</u>
Cash Disbursements:				
Current:				
Instruction:				
Regular	10,125			10,125
Special	363,005		74,380	437,385
Support services:				
Pupil	431,229			431,229
Instructional staff	50,979			50,979
Board of education	22,635			22,635
Administration	209,643		10,673	220,316
Fiscal	63,256			63,256
Operations and maintenance	11,592			11,592
Central	80,264			80,264
Intergovernmental		156,374	18,937	175,311
Total cash disbursements	<u>1,242,728</u>	<u>156,374</u>	<u>103,990</u>	<u>1,503,092</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(105,533)</u>	<u>(46,674)</u>	<u>(12,972)</u>	<u>(165,179)</u>
Other financing sources (uses):				
Advances in			17,391	17,391
Advances (out)	(17,391)			(17,391)
Total other financing sources (uses)	<u>(17,391)</u>		<u>17,391</u>	
Net change in fund cash balances	(122,924)	(46,674)	4,419	(165,179)
Fund cash balances at beginning of year	<u>1,270,499</u>	<u>29,281</u>	<u>32,377</u>	<u>1,332,157</u>
Fund cash balances (deficit) at end of year	<u><u>\$1,147,575</u></u>	<u><u>(\$17,393)</u></u>	<u><u>\$36,796</u></u>	<u><u>\$1,166,978</u></u>

See accompanying notes to the basic financial statements.

HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
JUNE 30, 2014

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$9,019
Total assets	<u>9,019</u>
Net Cash Position:	
Undistributed monies	9,019
Total net cash position	<u>\$9,019</u>

See accompanying notes to the basic financial statements.

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**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. DESCRIPTION OF THE SCHOOL CENTER

Hardin County Educational Service Center (the "Center") is located in Kenton, Ohio, the county seat. The Center supplies supervisory, special education, administrative, and other services to the Hardin-Northern, Ridgmont, Riverdale, and Upper Scioto Valley Local School Districts, and Ada Exempted Village School District. 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 operates under a locally elected board form of government consisting of five members elected at-large for staggered four year terms. The Center has 10 support staff employees and 18 certified teaching personnel that provide services to the local, city and exempted village school districts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.D., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Center. For the Center, this includes general operations and student related activities of the Center.

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 entitled to or can otherwise access the organization's resources; or (3) the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the Center has no component units. The basic financial statements of the reporting entity include only those of the Center (the primary government).

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Jointly Governed Organizations

Western Ohio Computer Organization

The Center is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan and Shelby counties. WOCO was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member districts. Each of the governments of these districts supports WOCO, based upon a per pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14, the Center does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest.

The superintendent of each member district is seated in the assembly, which elects a Board of Directors for the Consortium, and approves major items proposed by the Board of Directors, such as the annual budget, fees schedule, and new cooperative ventures. The Board of Directors is comprised of 11 members, including two superintendents from member districts in each county and the superintendent of the entity serving as its fiscal agent (currently the Shelby County Educational Service Center). Financial information can be obtained from Don Walls, Director, at 129 East Court Street, Sidney, Ohio 45365.

2. Insurance Pools

Hardin County School Employees' Health Welfare Benefit Plan and Trust

The Hardin County School Employees' Health and Welfare Benefit Plan and Trust (the "Trust") is a public entity shared risk pool consisting of six school districts and the Center. The Trust is organized as a Voluntary Employee Benefit association under Section 501(C)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to an Administrative Committee, which advises of the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each school district and the Center decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information may be obtained from Rick Combs, who services as Director, 9525 T.R. 50, Dola, Ohio 45835.

Ohio School Boards Association Workers' Compensation Group Rating Plan

The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool. The Plan was established under Section 4123.29 of the Ohio Revised Code. The Plan's business and affairs are conducted by a three-member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program. The firm of Comp Management Inc. provides administrative, cost control and actuarial services to the Plan.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Schools of Ohio Risk Sharing Authority

The Center participates in the Schools of Ohio Risk Sharing Authority (SORSA), a protected self-insurance pool created and administered under the authority of Ohio Revised Code 2744. The SORSA is an incorporated non-profit association of its members which enables the participants to provide for a formalized joint self-insurance pool and to assist members, including the Center, to present and reduce losses and injuries to Center property and persons and program for maintaining adequate insurance protection and provides risk management programs and other administrative services.

Member contributions are based on actually determined rates and are allocated to a self-insurance pool (for claims and assessments), reinsurance coverage (for catastrophic losses), and a third party administrator (to handle claims and administrative expenses). The third party administrator is Frank Gates Service Company. Financial information can be obtained from Ohio Schools Risk Sharing Authority, Inc., 655 Metro Place South, Suite 900, Dublin, Ohio 43017.

B. Fund Accounting

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

1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. The following are the Center's major governmental funds:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

IDEA fund - The IDEA fund accounts for the Center's Special Education Grants to States federal grant program. This fund is used to account for federal grant receipts and disbursements on behalf of local public school districts in Hardin County.

Other governmental funds of the Center are used to account for grants and other resources whose used is restricted, committed, or assigned to another purpose.

2. Fiduciary Funds

Fiduciary fund reporting focuses on net cash position and changes in net position. The Center's only fiduciary funds are agency funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

C. Basis of Presentation

1. Government-wide Financial Statements

The statement of net position – cash basis and the statement of activities – cash basis display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide statement of activities presents a comparison between direct disbursements and program receipts for each function or program of the governmental activities of the Center. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include amounts paid by the recipient of 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. Receipts not classified as program receipts are presented as general receipts of the Center.

All assets and net position associated with the operation of the Center are included on the statement of net position-cash basis.

2. Fund Financial Statements

Fund financial statements report detailed information about the Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

D. Basis of Accounting

Although Ohio Administrative Code § 117-2-03(B) requires the Center's financial report to follow generally accepted accounting principles, the Center chooses to prepare its financial statements and notes in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. The Center recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

E. Budgetary Process

Educational service centers do not have the authority to adopt annual legally-adopted appropriation budgets. However, the ESC has chosen to adopt an appropriation resolution for internal control purposes. Therefore, even though a statement or schedule of budgetary results is not required to be presented, the ESC has chosen to present a budgetary schedule as supplemental information.

F. Cash and Investments

To improve cash management, cash received by the Center is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest credited to the general fund during fiscal year 2014 amounted to \$1,114, which includes \$45 assigned from other funds.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Center's investment account at year end is provided in Note 4.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Compensated Absences

Compensated absences of the Center consist of sick leave. Employees are entitled to cash payments for sick leave in certain circumstances, such as retirement only. Unpaid sick leave is not reflected as a liability under the cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Center recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

Loans and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments. The Center had no debt obligations during fiscal year 2014.

L. Fund Cash Balance

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

Non-spendable - The non-spendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Center Governing Board, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

M. Net Cash Position

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

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

N. 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 the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

O. Pass-Through Grant Activity

The Center is the primary recipient of grants, which are passed through or spent on behalf of the school districts within the county. When the Center has a financial or administrative role in the grants, the grants are reported as receipts and intergovernmental disbursements in a special revenue fund. For fiscal year 2014, these funds included the Special Education Grants to States and Special Education Preschool Grants.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2014, the Center has implemented GASB Statement No. 67, "Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25", and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 67 improves the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assessing accountability. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the Center.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the Center.

B. Compliance

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

C. Deficit Fund Balances

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Major Funds</u>	<u>Deficit</u>
IDEA, Part B	<u>\$17,393</u>

4. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Center into three categories.

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

Inactive deposits are public deposits that the Board of Education 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.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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 may 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. 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;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes 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; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

A. Cash on Hand

At fiscal year end, the Center had \$100 in undeposited cash on hand which is included on the financial statements of the Center as part of "equity in pooled cash and cash equivalents."

B. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all Center deposits was \$1,175,897. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$451,129 of the Center's bank balance of \$701,210 was exposed to custodial risk as discussed below, while \$250,081 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Center. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Center to a successful claim by the FDIC.

C. Reconciliation of Cash to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$1,175,897
Cash on hand	100
Total	<u>\$1,175,997</u>

<u>Cash and investments per statement of net cash position</u>	
Governmental activities	\$1,166,978
Agency funds	9,019
Total	<u>\$1,175,997</u>

5. INTERFUND TRANSACTIONS

Interfund transactions for the year ended June 30, 2014, consisted of the following, as reported on the fund financial statements:

<u>Advances from general fund to:</u>	<u>Amount</u>
Non-major governmental funds	\$17,391
Total	<u>\$17,391</u>

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. INTERFUND TRANSACTIONS (Continued)

The primary purpose of the advances to the governmental funds is to cover costs in grant funds where the requested project cash requests were not received by June 30. These advances will be repaid once the anticipated revenues are received. All outstanding advances are expected to be repaid within one year.

Interfund advances between governmental funds are eliminated on the government-wide financial statements; therefore, no advances are reported on the statement of activities.

6. 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. Each 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. 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 districts served by the Center by \$37.

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 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 school districts approve or disapprove the additional apportionment.

7. RISK MANAGEMENT

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the Center contracted with Schools of Ohio Risk Sharing Authority (SORSA) for general liability insurance with a \$12,000,000 single occurrence limit and a \$14,000,000 aggregate. Property is also protected by SORSA with a building and business personal property limit of \$605,757. 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 last year.

8. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining sick leave components are derived from negotiated agreements and State laws.

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 120 days for eligible personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 30 days. Unused vacation upon termination or retirement is not paid.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

8. OTHER EMPLOYEE BENEFITS (Continued)

B. Health Care Benefits

The Center provides life, accidental death and dismemberment, medical/surgical, dental, and vision insurance to most employees through Hardin County School Employees' Health and Welfare Benefit Plan and Trust (See Note 2.A for detail). Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies by employee depending on the terms of the union contract.

9. PENSION PLANS

A. School Employees Retirement System

Plan Description - The Center contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Center's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$39,573, \$72,611 and \$81,999, respectively; 100 percent has been contributed for fiscal year 2014, 2013 and 2012.

B. State Teachers Retirement System of Ohio

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 website at www.strsoh.org, under "Publications".

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

9. PENSION PLANS (Continued)

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.

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 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 14 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, 2014, 2013 and 2012 were \$89,841, \$141,521 and \$172,529, respectively; 100 percent has been contributed for fiscal year 2014, 2013 and 2012.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Governing Board have elected Social Security. The Center's liability is 6.2 percent of wages paid.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

10. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Center participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned.

Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$8,833, \$8,902 and \$11,734, respectively; 100 percent has been contributed for fiscal year 2014, 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The Center's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$2,296, \$4,102 and \$4,842, respectively; 100 percent has been contributed for fiscal year 2014, 2013 and 2012.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

10. POST-EMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The Center contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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, under "Publications" 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 2014, 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, 2014, 2013 and 2012 were \$6,911, \$10,886 and \$13,271, respectively; 100 percent has been contributed for fiscal year 2014, 2013 and 2012.

11. OTHER COMMITMENTS

The Center utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund cash balance. At year end, the Center's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$3,943
Non-major governmental funds	2,359
Total	\$6,302

12. CONTINGENCIES

A. Grants

The Center receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Center.

B. Litigation

The Center is not party to legal proceedings that would have a material effect, if any, on the financial condition of the Center.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

13. TERMINATION OF SPONSORSHIP OF THE HARDIN COMMUNITY SCHOOL

Effective August 1, 2013, the Center's sponsorship agreement with the Hardin Community School was terminated. Sponsorship of the Hardin Community School was transferred to the North Central Ohio Educational Service Center.

14. SUBSEQUENT EVENT

On March 4, 2014, the Hardin, Shelby and Logan Educational Service Centers approved the merger of the Centers into one Center, which will be renamed the Midwest Regional Educational Service Center. The Governing Board of Hardin, Shelby and Logan Centers were dissolved as of June 30, 2014 and the merged Center will start effective July 1, 2014.

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**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Cash Receipts:				
From local sources:				
Tuition and fees	\$1,119,044	\$1,119,044	\$1,040,781	(\$78,263)
Contract services	46,080	46,080	39,323	(6,757)
Earnings on investments	1,000	1,000	1,114	114
Other local receipts	6,500	6,500	21,014	14,514
Intergovernmental - state	34,871	34,871	34,815	(56)
Total cash receipts	<u>1,207,495</u>	<u>1,207,495</u>	<u>1,137,047</u>	<u>(70,448)</u>
Cash Disbursements:				
Current:				
Instruction:				
Regular		12,595	10,124	2,471
Special	398,259	405,795	363,137	42,658
Support services:				
Pupil	471,218	469,718	435,040	34,678
Instructional staff	53,780	54,780	50,979	3,801
Board of education	26,492	26,992	22,635	4,357
Administration	249,836	249,836	209,643	40,193
Fiscal	68,809	68,809	63,256	5,553
Operations and maintenance	20,704	20,704	11,592	9,112
Central	80,100	96,464	80,264	16,200
Total cash disbursements	<u>1,369,198</u>	<u>1,405,693</u>	<u>1,246,670</u>	<u>159,023</u>
Excess of cash disbursements over cash receipts	<u>(161,703)</u>	<u>(198,198)</u>	<u>(109,623)</u>	<u>88,575</u>
Other financing sources (uses):				
Advances in			904	904
Advances (out)			(18,295)	(18,295)
Proceeds from sale of capital assets			148	148
Total other financing sources (uses)			<u>(17,243)</u>	<u>(17,243)</u>
Net change in fund cash balance	(161,703)	(198,198)	(126,866)	71,332
Fund cash balance at beginning of year	1,236,187	1,236,187	1,236,187	
Prior year encumbrances appropriated	34,311	34,311	34,311	
Fund cash balance at end of year	<u>\$1,108,795</u>	<u>\$1,072,300</u>	<u>\$1,143,632</u>	<u>\$71,332</u>

See accompanying notes to the supplemental information.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
IDEA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive</u>
Cash Receipts:				
Intergovernmental - federal	\$142,108	\$142,108	\$109,700	(\$32,408)
Total cash receipts	<u>142,108</u>	<u>142,108</u>	<u>109,700</u>	<u>(32,408)</u>
Cash Disbursements:				
Intergovernmental	179,895	179,895	156,374	23,521
Total cash disbursements	<u>179,895</u>	<u>179,895</u>	<u>156,374</u>	<u>23,521</u>
Net change in fund cash balance	(37,787)	(37,787)	(46,674)	(8,887)
Fund cash balance at beginning of year	29,281	29,281	29,281	
Fund cash balance at end of year (deficit)	<u>(\$8,506)</u>	<u>(\$8,506)</u>	<u>(\$17,393)</u>	<u>(\$8,887)</u>

See accompanying notes to the supplemental information.

**HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY**

**NOTES TO THE SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICY

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance - Budget and Actual (Budgetary Basis) presented for the General Fund and IDEA Fund is prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as part of the assigned fund balance for the General Fund and the restricted fund balance for the IDEA fund (cash basis). The adjustments necessary to reconcile the cash and budget basis statements for the General Fund and IDEA Fund are as follows:

Net Change in Fund Balance	General Fund	IDEA Fund
Budget basis	(\$126,866)	(\$46,674)
Adjustment for Encumbrances	3,942	
Cash Basis	(\$122,924)	(\$46,674)

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Dave Yost • Auditor of State

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

Hardin County Educational Service Center
Hardin County
1211 West Lima Street
Kenton, Ohio 43326

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hardin County Educational Service Center, Hardin County, (the Center) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated October 9, 2014, wherein we noted the Center uses a special purpose framework other than generally accepted accounting principles. As disclosed in Note 13 to the financial statements, effective August 1, 2013, the Center's sponsorship of the Hardin Community School was terminated. Also as disclosed in Note 14 to the financial statements, effective July 1, 2014, the Center merged with the Logan and Shelby County Educational Service Center to form the Midwest Regional Educational Service Center.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Center's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

October 9, 2014

HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2014

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

FINDING NUMBER 2014-001

Noncompliance

Failure to File GAAP Report

Ohio Rev. 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 the form utilized by the public office. Ohio Administrative Code §117-2-03 further clarifies the requirements of Ohio Rev. Code §117.38.

Ohio Adm. Code Section §117-2-03 (B) requires the Center to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the Center prepared its financial statements for fiscal year 2014 following the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code §117.38 the Center may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The Center should prepare its annual financial statements in accordance with generally accepted accounting principles to include assets, liabilities, and the disclosures required to accurately present the Center's financial condition.

Official's Response:

The Auditor of State has determined the financial statements and financial reports of ESC's shall be prepared in conformity with the requirements of GAAP and the Hardin County ESC believes the GAAP statements are of no significant value to the Hardin County ESC or the general public of Hardin County.

The Hardin County ESC has found the conversion process of a cash basis to GAAP to be a financial burden to the Center.

HARDIN COUNTY EDUCATIONAL SERVICE CENTER
HARDIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Not Reporting in Accordance with GAAP	No	Not Corrected; Repeated as Finding 2014-001.



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HARDIN COUNTY EDUCATIONAL SERVICE CENTER

HARDIN 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
NOVEMBER 13, 2014**