

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

Audit Report

For the Year Ended June 30, 2004

CHARLES E. HARRIS & ASSOCIATES, INC.
Certified Public Accountants



**Auditor of State
Betty Montgomery**

Board of Governors
Summit County Educational Service Center
420 Washington Ave, Suite 200
Cuyahoga Falls, OH 44221

We have reviewed the Independent Auditor's Report of the Summit County Educational Service Center, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Summit County Educational Service Center is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 20, 2005

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SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
Audit Report
For the Year Ended June 30, 2004

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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**OPINION ON SUPPLEMENTARY SCHEDULE
OF FEDERAL AWARDS EXPENDITURES**

**Board of Governors
Summit County Educational Service Center
Summit County, Ohio**

We have audited the financial statements of the Summit County Educational Service Center (the Center) as of and for the year ended June 30, 2004, and have issued our report thereon dated December 16, 2004. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion 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 conducted in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Summit County Educational Service Center taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget, Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
December 16, 2004

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

Schedule of Federal Awards Expenditures

For the Year Ended June 30, 2004

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA Number</u>	<u>Receipts Recognized</u>	<u>Program Expenditures</u>
<i><u>U.S. Department of Education</u></i>				
Pass through Ohio Department of Education				
Special Education Cluster				
Pyschologist Intern	49965-6B-PB-03-P	84.027	\$ 34,792	\$ 34,792
Children and Adolescents with TBI	49965-6B-PB-03-P	84.027	-	3,053
Child Progress Indicators	49965-PG-D7-03-P	84.173	32,500	32,500
Federal Handicapped Preschool - FY 03	49965-PG-S1-03-P	84.173	11,743	13,873
Federal Handicapped Preschool - FY 04	49965-PG-S1-04	84.173	<u>29,072</u>	<u>36,315</u>
Total Special Education Cluster			108,107	120,533
Education of Economic Security Act - Eisenhower Grant				
Eisenhower Grant - FY02	49965-MS-S4-02	84.281	<u>27,597</u>	<u>27,597</u>
Total U.S. Department of Education			135,704	148,130
<i><u>Institute of Museum and Library Services</u></i>				
State Library Program	50674-C2-S1-03	45.310	407,174	317,748
<i><u>U.S. Department of Health and Human Services</u></i>				
Improving Teaching Quality - FY03	50674-CR-S1-03	93.778	<u>43,809</u>	<u>43,809</u>
Total Federal Expenditures			\$ <u>586,687</u>	\$ <u>509,687</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2004

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the Center's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Governors
Summit County Educational Service Center
Summit County, Ohio**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County Educational Service Center (the Center) as of and for the year ended June 30, 2004 which collectively comprises the Center's basic financial statements and have issued our report thereon dated December 16, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Controls Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Center in a separate letter dated December 16, 2004.

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

Charles E. Harris & Associates, Inc.
December 16, 2004

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Governors
Summit County Educational Service Center
Summit County, Ohio**

Compliance

We have audited the compliance of the Summit County Educational Service Center (the Center) with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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

In our opinion, the Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Charles E. Harris & Associates, Inc.
December 16, 2004

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
SUMMIT COUNTY
June 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Institute of Museum and Library Services State Library Program CFDA 45.310
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)
OMB CIRCULAR A-133 SECTION .505

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
SUMMIT COUNTY
June 30, 2004

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: Per ADAM 2001-10-disclose the current year finding in this schedule
2003-001	Ohio Revised Code Section 5705.41(D) No subdivision make any expenditure without proper appropriations.	Yes	Finding no longer valid.



Summit County
**Educational
Service Center**

Comprehensive Annual

**Financial
Report**

Fiscal Year Ended June 30, 2004

Summit County Educational Service Center

Cuyahoga Falls, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2004

PREPARED BY:
SONDRA E. CLEVINGER and
CHIEF FISCAL OFFICER'S STAFF

Summit County Educational Service Center
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2004
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Summit County
**Educational
Service Center**

Introductory Section



December 16, 2004

To the Citizens and Board of Governors of the Summit County Educational Service Center:

The Comprehensive Annual Financial Report (CAFR) of the Summit County Educational Service Center (the "Service Center") for the fiscal year ended June 30, 2004 is hereby submitted. This report, prepared by the Chief Fiscal Officer, includes basic financial statements, supplemental statements, and other financial and statistical information to provide a complete and full disclosure of all material financial aspects of the Service Center for the 2003-2004 fiscal year.

Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Service Center management. To the best of our knowledge and belief, the CAFR and the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Service Center.

This CAFR, which includes an opinion from the Charles E. Harris & Associates, Inc., conforms with accounting principles generally accepted (GAAP) in the United States of America as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the Service Center's commitment to provide meaningful information to its' stakeholders.

This CAFR is presented in three sections:

The Introductory Section, which is unaudited, includes this transmittal letter, a list of public officials, the Service Center's organizational chart and the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2003.

The Financial Section, includes the Report of Independent Accountants, Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the Service Center's financial position and operating results, the Combining Statements for nonmajor funds, and other schedules that provide detailed information relative to the basic financial statements.

The Statistical Section, which is unaudited, includes selective financial, economic, and demographic information, generally presented on a multi-year basis for comparative purposes.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Service Center’s MD&A can be found immediately following the Report of Independent Accountants.

BACKGROUND AND GENERAL INFORMATION

History

In 1914, the Ohio Legislature created *county boards of education* to oversee the predominantly rural schools outside the cities and larger villages. From their inception, these county offices have performed many of the functions associated with the central office of a large city school system. For example, they provide supervision, psychological services, and prescribed courses of study. In 1995, the Ohio General Assembly adopted Am. Sub. H.B. 117, which altered the structure of county offices of education. Effective July 1, 1995 county offices of education would be known as “Educational Service Centers” governed by a Board of Governors and not a school board.

In Summit County, as the local districts grew larger and more capable of independent operation, the emphasis of the County Office gradually expanded to provide additional cooperative services which were too expensive for a single district to provide economically. Today, the Summit County Educational Service Center concentrates on four main areas of services: 1) curriculum and instructional technology; 2) pupil personnel; 3) support/supplementary services; and 4) administration. Experience has proven that service center organizations can provide advantages of economy of scale without the disadvantages of bureaucracy.

Since the early 1990’s, the Service Center has been able to contract with city school districts to provide services to non-local districts. This permits the city districts to have access to services that they currently cannot afford to provide, and until now, may not have been able to purchase at an affordable cost.

Districts Served

The Summit County Educational Service Center serves a student population of approximately 53,152 in sixteen districts. The districts served are:

Barberton City	Nordonia Hills City
Copley-Fairlawn City	Norton City
Coventry Local	Revere Local
Cuyahoga Falls City	Springfield Local
Green Local	Stow-Munroe Falls City
Hudson City	Tallmadge City
Manchester Local	Twinsburg City
Mogadore Local	Woodridge Local

These districts still maintain their local autonomy in smaller, more manageable, districts with enrollments ranging from 900 to over 6,000 students. Each of the districts has a locally elected board of education consisting of five members, a local superintendent and a treasurer.

The Service Center also provides selected contractual services to districts outside of Summit County. These school districts affiliate on an annual basis, by contract, for a broad spectrum of educational services available through the Service Center.

Organization

The Board of Governors (the “Board”) has five members elected by the voters of the seven local districts. The members must be residents and registered voters of one of the seven local districts. The term of office for each member is four years. Non-partisan elections are held biannually in November with two members being elected in one cycle and three in the following cycle.

The Board sets policies and enters into contracts and may serve in a judicial capacity to resolve disputes involving the organization. The Board appoints the Superintendent and the Chief Fiscal Officer. All other staff is recommended by the administration to the Board for approval. The Board meets monthly to conduct business.

The Superintendent is the Chief Executive Officer of the Service Center and is responsible directly to the Board for all operations. The current Superintendent is Patrick Corbett who has served in this position since February 2000. His current contract extends until July 31, 2006.

The Chief Fiscal Officer of the Service Center is responsible directly to the Board for all financial operations and serves as Secretary to the Board. The current Chief Fiscal Officer is Sondra Clevenger who has served in this position since July 2000. Her current contract extends until the organizational meeting in January 2007.

SERVICES

Curriculum and Instructional Technology

The Department of Curriculum & Instructional Technology plays a major role in maintaining and improving the quality of education in Summit County school districts. The department’s staff works mainly with teachers in two related areas: consultation and development. Their main emphasis is on helping teachers maintain and improve their instructional skills. The vehicles used are consultation, workshops, and conferences. The tools used are demonstrations of new methods and materials, on site consultations, workshops on specific topics and/or for a specific school, assistance in textbook selection, course of study development, implementation of state standards and educational innovations. The staff development opportunities provided to teachers, through the office, are among the most comprehensive in the State.

Ohio legislation requires school districts to have a Continuous Improvement Plan (CIP). In response to this requirement, the Service Center now offers services to support the districts in their efforts to develop a CIP. These services are based on a model for developing district and building plans created by the Service Center for Leadership in School Reform System Standards. Analysis of Proficiency Test data is also a major component of the Service Center’s efforts in this area. New services are also being developed to assist districts in this process.

The Service Center operates the state funded media library for Summit County. All schools, (private and public) are able to borrow videotapes, CD-ROMS and laser discs from our media library. This library is comprised of over 4,000 titles. There are no rental charges or delivery charges for the seven local and nine affiliate districts. All other users pay a modest rental fee and a delivery fee to cover the cost of postage. Teachers and administrators may call the office to book materials or access the MediaNet through the World Wide Web at <http://union.infohio.org/summit>.

Pupil Personnel

The Service Center provides services to school districts to assist in their delivery of services to special needs and at-risk populations. Services provided directly to students and families are: attendance/truancy, psychological testing and individual education plans, speech & language therapy and audiology.

Specialized staffing and other programs are available to school districts to assist them in providing the necessary support for special populations. These include gifted and talented coordination, special education supervision, speech and language supervision, and work/study coordination.

The Summit County Preschool provides an integrated, comprehensive preschool program for all students, age three to five, with special needs or at-risk concerns. In addition to classroom teaching, some of the related services provided are occupational therapy, physical therapy, nursing, nutrition, and transportation. Participating districts contract for this program.

Support/Supplementary

In order to serve their student populations, school districts must provide a complex network of services. Some of these services are more efficiently and cost effective to be provided by a service agency such as the Service Center. To that end, the Service Center provides an array of services that some or all districts use. These include: a courier to and from all district central offices; license checks and safety records; substitute teacher screening; teacher certification; employee background screening and fingerprinting for local districts.

Administrative

Of great benefit to the school districts, is the Service Center's cooperative and regional approach. Through this approach, the Service Center has the capacity to facilitate and manage projects in a manner that would not be otherwise possible. Some of the vital benefits available are the Service Center's ability to: 1) serve as a neutral convener; 2) provide consortium/partnerships formation and facilitation; 3) provide fiscal agency for grants, projects and Northeast Ohio Network of Educational Technology ("NEOnet" - a data acquisition site for school districts) and 4) provide legislative workshops.

The Service Center is committed to leadership development in the changing world of public education. To this end, the Service Center provides leadership academy opportunities to teachers, aspiring principals, principals, school building teams, treasurers, superintendents, and aspiring superintendents.

ECONOMIC CONDITION AND OUTLOOK

The Service Center's financial condition is dependent upon the collective financial condition of the districts served, and their ability to contract for the Service Center's services. The districts served are mainly within Summit County, Ohio.

In July of 2003, the Ohio legislature enacted HB 95. House Bill 95 requires the Ohio Department of Education to recommend to Ohio's General Assembly a plan for a regional system to deliver educational services. Agencies included in this plan for regionalization are educational service centers, special education regional resource centers, area media centers, school improvement facilitators, Ohio SchoolNet regional services, data acquisition sites, educational technology centers and others. After the process of request for input by the stakeholders is complete, the State Board of Education was scheduled to submit a plan for Ohio's Regional Educational Delivery System (OREDS), to the General Assembly by March 31, 2004. The Ohio Department of Education submitted its plan to the Ohio General Assembly. The General Assembly did not act. What happens with OREDS is anyone's guess. At this point in time it is possible the look of Ohio's Educational Service Centers may change once again. Alignment of services is a logical way to eliminate duplication of services and to ensure tax dollars reach their intended purpose. State Representative Arlene Setzer has plans to introduce a similar bill in November of 2004. Educational Service Centers have been delivering services to school districts since the early 1900's.

Summit County has been historically associated with the rubber industry. Although there has been a steady decrease in the number of hourly workers, there has been offset to a large degree by an increase in salaried workers in this industry. Goodyear Tire & Rubber Company is the largest employer in the County with 4,700 employees. Summa Health System is in second place with 3,800 employees and followed by the County of Summit with 3,471 employees. The University of Akron is in fourth place with 3,018 employees.

The County is headquarters for ten corporations with annual revenues of more than one hundred million dollars each. The top four are Goodyear Tire & Rubber Company, First Energy (Formerly Ohio Edison Company), Jo-Ann Stores, Inc., and A. Schulman, Inc.

Unemployment rates and stocks have been unstable since September 11, 2001. The national economy is in recovery from a recession. History shows Summit County has fared favorably in unemployment rates compared to National and State rates. The unemployment rate in 2003 was at 5.7%. The State rate of 6.1% and the National rate of 6.0% are both higher than our area. The workforce is transitioning from manufacturing to service industries. In Akron, the largest segment of employment is "trade, transportation and utilities".

In summary, the County's economy is in a continual recovery from the impact of September 11, 2001, and a period of stable economic growth is expected.

FINANCIAL INFORMATION

Accounting

This is the third year the Service Center has prepared financial statements following GASB Statement No. 34 “Basic Financial Statements – and Management’s Discussion and Analysis – State and Local Governments”. GASB Statement No. 34 creates new basic financial statements for reporting on the Service Center’s financial activities as follows:

Government-wide financial statements - These statements are prepared on the accrual basis of accounting, which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the Service Center that are governmental and those that are considered business type activities.

Fund financial statements - These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statement of budgetary comparison – This statement presents a comparison of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, cash disbursements and encumbrances.

As determined by criteria established by GASB Statement No. 34, the Service Center does not report any activities that qualify as proprietary or business type activities. As part of this new reporting model, management is also responsible for preparing a discussion and analysis of the Service Center. This discussion follows the Report of Independent Accountants, providing an assessment of the Service Center’s finances for fiscal year 2004 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain nonmajor funds of the Service Center.

Internal Controls

The management of the Service Center is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Service Center are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Single Audit Act

As a recipient of federal financial assistance, the Service Center is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the Service Center and annual reviews by the Service Center's independent auditors.

Budgetary Controls

The Service Center maintains its accounts, appropriations and other financial records in accordance with the procedures established and prescribed by the Ohio Auditor of State. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Governors. The legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The Service Center also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

CASH MANAGEMENT

The Service Center's approach to the cash management program has continued to be consistent during 2003-2004 with the use of certificates of deposit. Due to very poor interest rates, certificates of deposit have been invested for very short periods of time. Shorter certificates of deposit have had the best interest rates available. The total amount of interest earned was \$58,045.

Protection of the Service Center's cash and investments is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. As required under Ohio law, pooled securities have been pledged in an amount equal to 105% of the total deposits, to secure the repayment of all public monies deposited in a financial institution. A detailed description of the Service Center's investment functions is described in Note 5 to the basic financial statements.

RISK MANAGEMENT

As a political subdivision, the Service Center maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for general liability, commercial equipment loss, and vehicle liability are purchased from insurance companies licensed to do business in the State of Ohio.

The Service Center offers health and dental insurance benefits to full time employees and pays 80% of the insurance rate. The Service Center belongs to the Stark County Schools Council of Government (COG) Health Plan. The COG holds the assets of the plan. The Service Center pays a monthly premium to the plan and shares in ownership. The plan is fully funded and the Service Center is not at risk.

All employees of the Service Center are covered by worker's compensation. Effective January 1, 1995, the Service Center joined a group-rating program through the Ohio School Board Association in an effort to control these costs.

PENSION PLANS

The statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS) covers all Service Center employees. The Service Center's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the Service Center to pay the employer share as determined by each retirement system, currently 14%. The Service Center's required contributions for fiscal year 2004 were \$486,245 and \$311,198 (including surcharge) to STRS and SERS, respectively.

OTHER INFORMATION

Independent Audit

Provisions of State statute require the Service Center's financial statements to be subjected to bi-annual examination, annually if subject to the Federal Single Audit Act of 1984 and related OMB Circular A-133, by the Auditor of State. The audit for the period ended June 30, 2004 was performed by Charles E. Harris & Associates, Inc. The auditor's unqualified opinion rendered on the Service Center's basic financial statements, and their report on the combining and individual fund statements and schedules, is included in the financial section of this CAFR.

GFOA Certificate of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the Service Center for its fiscal year ended June 30, 2003 CAFR. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report will conform to the high standards required by the Certificate of Achievement program.

Acknowledgments

Publication of this report significantly increases the accountability of the Service Center to the stakeholders. Without the support and efforts of the Chief Fiscal Officer's office and various administrators and staff of the Service Center, this accomplishment would not have been possible.

Sincere appreciation is extended to the Board of Governors for its support and interest in this project.

Respectfully Submitted,



Patrick Corbett
Superintendent



Sondra Clevenger
Chief Fiscal Officer

Summit County Educational Service Center
Public Officials Roster
Year Ended June 30, 2004

Board of Governors

Ms. Jennifer Troyer	President
Mr. Ray Weber	Vice President
Ms. Alyce Altwies	Member
Ms. Susan Lobalzo	Member
Mr. Dow Wolfe, III	Member

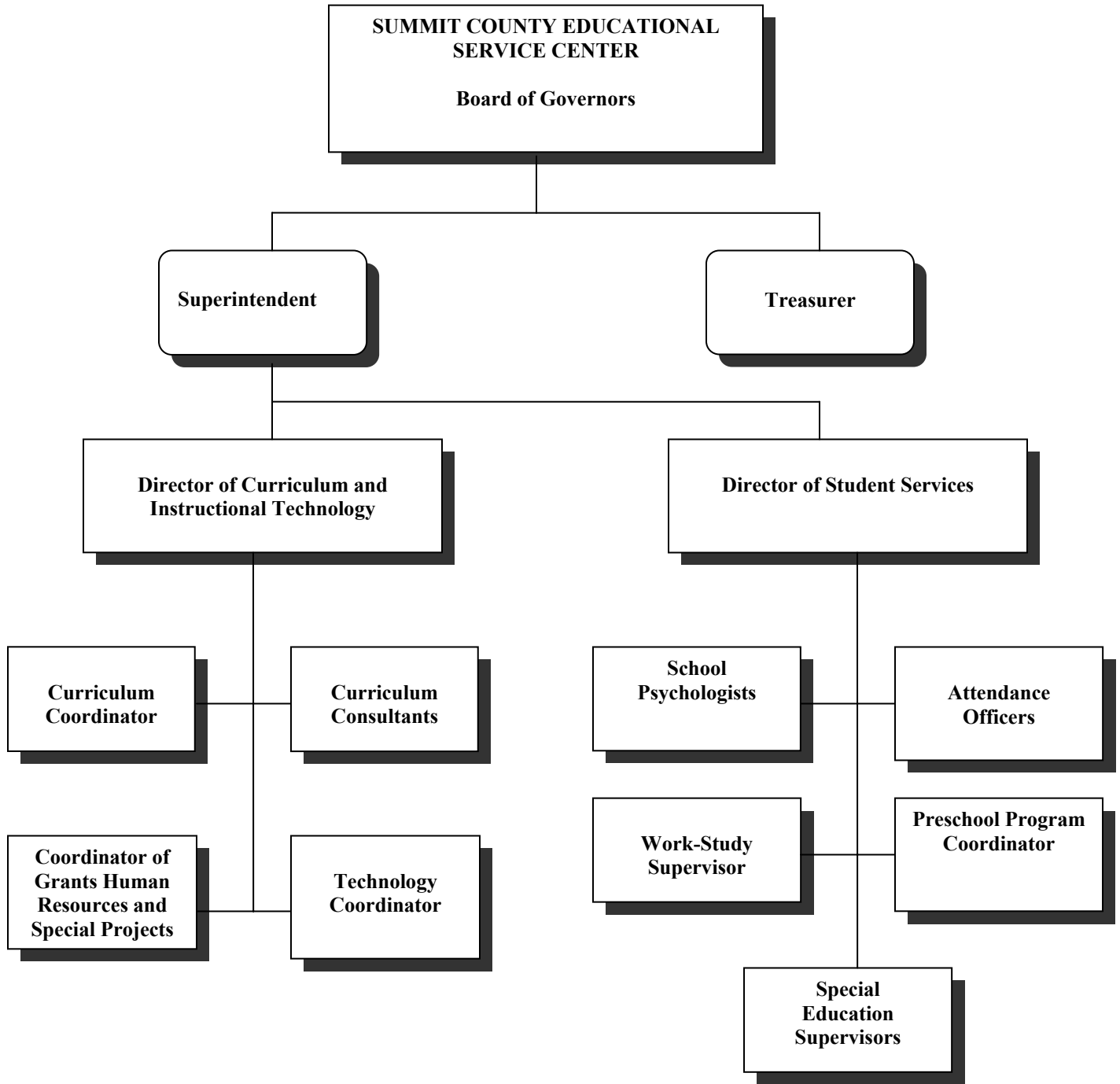
Chief Fiscal Officer

Mrs. Sondra Clevenger

Administration

Mr. Patrick Corbett	Superintendent
Ms. Michelle Gaski	Director of Curriculum & Instructional Technology
Mrs. Denise Cirino	Director of Pupil Personnel Services

Summit County Educational Service Center
Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Summit County
Educational Service Center,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielke

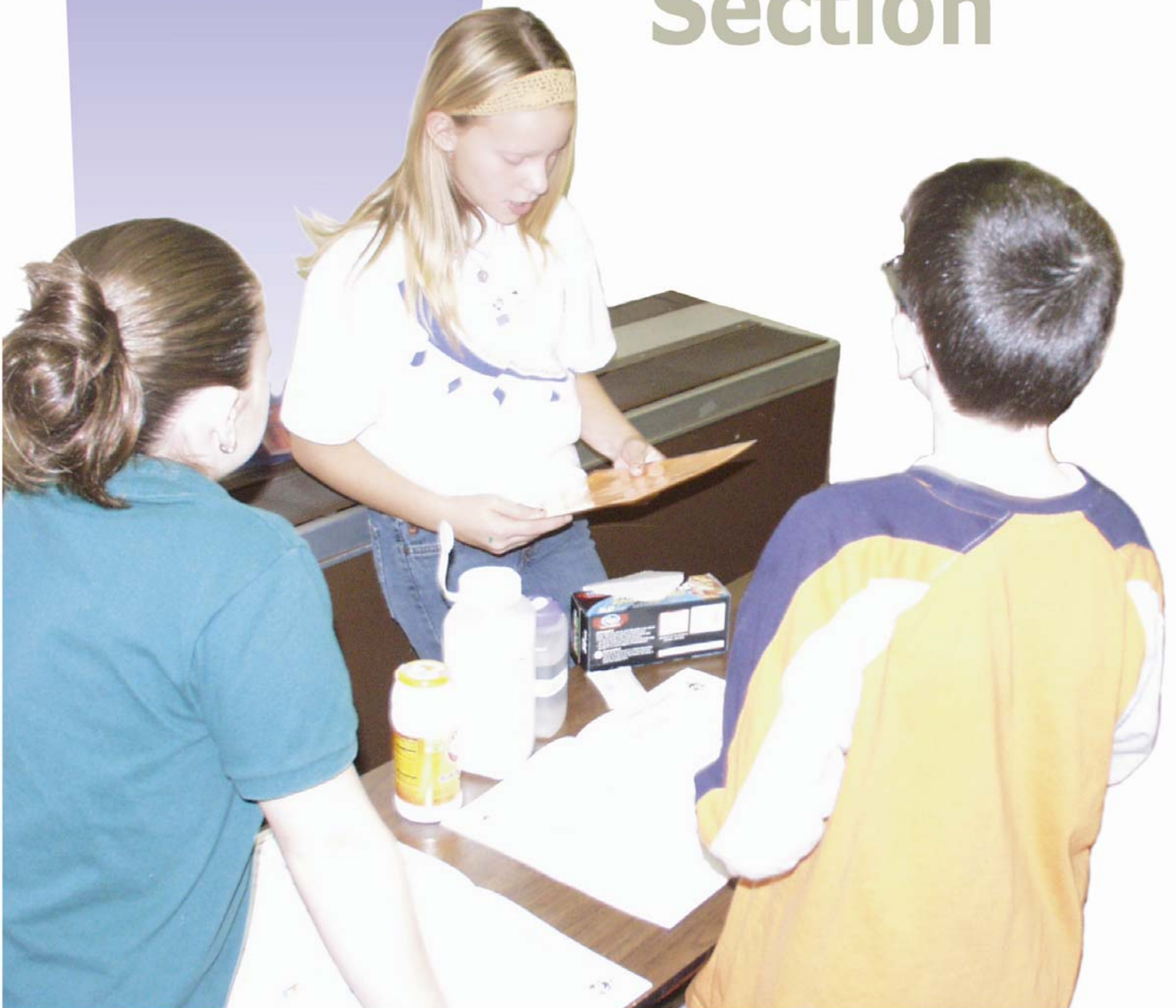
President

Jeffrey R. Emery

Executive Director

Summit County
**Educational
Service Center**

Financial Section



Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

**Board of Governors
Summit County Educational Service Center
Cuyahoga Falls, Ohio**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Summit County Educational Service Center (the Center), as of and for the year ended June 30, 2004, 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 an opinion on these basic financial statements based on our audit.

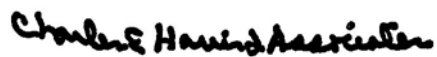
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the 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 Center as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2004 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The introductory section, combining and individual nonmajor fund statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express not opinion on them.



Charles E. Harris & Associates, Inc.
December 16, 2004

Summit County Educational Service Center
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited

The discussion and analysis of Summit County Educational Service Center's (the "Service Center") financial performance provides an overview of the Service Center's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the financial performance as a whole. Please read it in conjunction with the transmittal letter and the basic financial statements and notes to enhance understanding of the Service Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2004 are as follows:

- In total, net assets increased \$446,825. This represents a 10% increase from the fiscal year 2003 restated amount
- Total assets increased \$475,708, or 8.6% as compared to fiscal year 2003. The most significant asset increase was to equity in pooled cash and cash equivalents, which totaled \$407,201.
- General revenues accounted for \$2,591,668 in revenue, or 30.9% of all revenues. Program specific revenues, in the form of charges for services and operating grants and contributions accounted for \$5,806,895 or 69.1% of all revenues.
- The general fund, the Service Center's only major fund, had \$6,990,086 in revenues, or 83.7% of total governmental revenues and \$6,638,749 in expenditures or 83.6% of total governmental expenditures. The general fund balance increased \$327,036 during 2004.

Using this Comprehensive Annual Financial Report (CAFR)

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

The statement of net assets and the statement of activities (on pages 12 and 13) provide information about the activities of the Service Center, presenting an aggregate view of the finances of the Service Center and a longer-term view of these finances for future spending.

Reporting the Service Center as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities answer the question of how did the Summit County Educational Service Center do financially during fiscal year 2004. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by for-profit businesses, financial institutions, and the stockholders of those companies. This basis of accounting takes into consideration all of the current fiscal year's revenues and expenses regardless of when cash was received or paid.

Summit County Educational Service Center
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited

These two statements report net assets and changes in those assets. The change in net assets is valuable in analyzing these statements. These results indicate whether the financial position has improved or diminished. The cause of this change may be the result of many factors. Some factors may be financial while other factors will be non-financial. Non-financial factors include mandated educational programs, as well as locally requested programs.

In the statement of net assets and the statement of activities, the Service Center reports governmental activities. Governmental activities are the activities where most of the Service Center's programs and services are reported including, but not limited to, instruction, support services, and interest and fiscal charges.

Reporting the Service Center's Most Significant Funds

Fund Financial Statements

The analysis of the Service Center's major fund begins on page 14. Fund financial reports provide detailed information about the Service Center's major fund. The Service Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Service Center's most significant funds. The Service Center's only major governmental fund is the general fund.

Governmental Funds

All of the Service 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 the modified accrual method of 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 Service Center's operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and in the governmental funds are reconciled in the financial statements.

**Summit County Educational Service Center
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited**

The Service Center as a Whole

The statement of net assets provides the perspective of the Service Center as a whole.

Table 1 provides a summary of the Service Center's net assets for 2004 compared to 2003:

*Table 1
Net Assets*

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Assets		
<i>Current and other assets</i>	\$ 5,740,979	\$ 5,206,158
<i>Depreciable capital assets, net</i>	<u>290,671</u>	<u>349,784</u>
<i>Total assets</i>	6,031,650	5,555,942
Liabilities		
<i>Other liabilities</i>	692,547	659,962
<i>Long-term liabilities</i>	<u>265,307</u>	<u>269,009</u>
<i>Total liabilities</i>	957,854	928,971
Net Assets		
<i>Invested in capital assets, net of related debt</i>	271,113	319,391
<i>Restricted</i>	377,156	294,129
<i>Unrestricted</i>	<u>4,425,527</u>	<u>4,013,451</u>
<i>Total net assets</i>	<u>\$ 5,073,796</u>	<u>\$ 4,626,971</u>

Total assets increased \$475,708, or 8.6%, as compared to fiscal year 2003. Overall net assets of the Service Center have increased by \$446,825, or 10% as compared to fiscal year 2003. Both increases can be attributed to the receiving of federal grants and other funds, provided through an allocation incurred by member district's state foundation settlements, without the costs incurred from providing the services for these funds received. These costs will be incurred in a future years based on requests for services made my member school districts.

**Summit County Educational Service Center
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited**

Table 2 reflects the changes in net assets for fiscal year 2004 compared to fiscal year 2003.

*Table 2
Changes in Net Assets*

	<i>Governmental Activities</i>	
	<u>2004</u>	<u>2003</u>
Revenues		
<i>Program revenues:</i>		
<i>Charges for services</i>	\$ 4,610,240	\$ 4,270,385
<i>Operating grants and contributions</i>	1,196,655	695,293
<i>General revenues:</i>		
<i>Grants and entitlements</i>	2,498,378	2,585,662
<i>Investment earnings</i>	58,045	78,544
<i>Miscellaneous</i>	35,245	38,435
<i>Total revenues</i>	<u>8,398,563</u>	<u>7,668,319</u>
Program Expenses		
<i>Instruction:</i>		
<i>Regular</i>	8,909	11,290
<i>Special</i>	1,870,194	2,105,265
<i>Vocational</i>	51,425	58,106
<i>Adult/continuing</i>	6,098	48,034
<i>Support services:</i>		
<i>Pupils</i>	1,797,642	1,696,117
<i>Instructional staff</i>	2,196,860	2,081,258
<i>Board of governors</i>	63,916	31,509
<i>Administration</i>	768,258	592,645
<i>Fiscal</i>	210,193	211,210
<i>Business</i>	27,818	57,747
<i>Operation and maintenance of plant</i>	148,626	107,352
<i>Central</i>	799,918	248,863
<i>Interest and fiscal charges</i>	1,881	2,359
<i>Total expenses</i>	<u>7,951,738</u>	<u>7,251,755</u>
 <i>Change in net assets</i>	 <u>\$ 446,825</u>	 <u>\$ 416,564</u>

Governmental Activities

A review of Table 2 reflects the total cost of instructional services was \$1,936,626, or 24.4% of the Service Center's total expenses. Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil. These expenses decreased over 2003 by \$286,069, or 12.9%. The primary cause to the overall decrease in instructional expenses was caused by the elimination of one special education position and a reduction in programs provided due to a reduced amount of reimbursements available from the Workforce Investment Act (WIA) grant, which ended during the fiscal year.

**Summit County Educational Service Center
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited**

Pupils and instructional staff include the activities involved in assisting staff with the content and process of teaching to pupils. This is a major emphasis of the Service Center as the total expenses were \$3,994,502, or 50.2% as compared to the total expenses of the Service Center. Of these expenses, instructional staff increased \$115,602, or 5.6% as compared to 2003. As a result of the continuing expansion of the preschool program, increases in the related support services were required. Examples of such services are speech therapy and psychological services. This was not only true of our preschool program but our member school districts also increased their requests for staff development.

Board of governors, administration, fiscal and business include expenses associated with administrative and financial supervision of the Service Center. These expenses totaled \$1,070,185, or 13.5% of the total expenses of the Service Center. Of these expenses, administration expense incurred the largest increase as compared to 2003. This increase totaled \$175,613, or 29.6%. The primary cause to this increase was the addition of a new administrator for the "Our Lady of the Elms" program.

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 indicates the total cost of services and the net cost of services.

*Table 3
Governmental Activities*

	<i>Total Cost of Services <u>2004</u></i>	<i>Total Cost of Services <u>2003</u></i>	<i>Net Cost of Services <u>2004</u></i>	<i>Net Cost of Services <u>2003</u></i>
Program Expenses				
<i>Instruction:</i>				
Regular	\$ 8,909	\$ 11,290	\$ (8,488)	\$ 102,076
Special	1,870,194	2,105,265	(144,902)	(833,392)
Vocational	51,425	58,106	(586)	(3,632)
Adult/continuing	6,098	48,034	4,271	13,796
<i>Support services:</i>				
Pupils	1,797,642	1,696,117	(772,114)	(448,905)
Instructional staff	2,196,860	2,081,258	(1,138,462)	(887,415)
Board of governors	63,916	31,509	(63,916)	(27,496)
Administration	768,258	592,645	493,386	174,147
Fiscal	210,193	211,210	(136,981)	(145,555)
Business	27,818	57,747	(27,818)	(52,128)
Operation and maintenance of plant	148,626	107,352	(148,626)	(98,522)
Central	799,918	248,863	(198,726)	(76,692)
Interest and fiscal charges	1,881	2,359	(1,881)	(2,359)
Total	<u>\$ 7,951,738</u>	<u>\$ 7,251,755</u>	<u>\$ (2,144,843)</u>	<u>\$ (2,286,077)</u>

Summit County Educational Service Center
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited

The dependence upon general revenues for governmental activities is apparent, with 27% of net cost of services supported by general revenues. It is the intention of the Board of Governors not to over charge the districts served and to utilize the general revenues to offset the cost of programs to member districts.

The Service Center's Funds

The Service Center's governmental funds are accounted for using the modified accrual basis of accounting. Total revenues, other financing sources and beginning fund balances were \$12,443,123 and expenditures and other financing uses were \$7,963,888, which indicates the Service Center was able to meet current costs.

Fund balances in the general fund increased by \$327,036, or 8.6%, while other governmental funds increased \$85,652, or 31.3%. The general fund balance increase was attributed to reduced costs from fewer services requested by individual member districts without any significant changes to general fund revenues.

Budgeting Highlights

The Service Center's budget is prepared according to the requirements of the State Department of Education, and is based on cash receipts, disbursements, and encumbrances. The Service Center's most significant budgeted fund is the general fund. The general fund, and all other governmental funds, is budgeted at the fund level.

As services provided to the local school districts change during the fiscal year, adjustments are made to the original budget. These types of request generally come directly from the superintendent of the school district where the students and staff are served. Additions to personnel are the primary cause for budget revisions and are approved by the Service Center's Board of Governors.

For the general fund, budgeted revenues were not significantly changed throughout the year. A review of the actual revenues, as compared to the original and final budgeted amounts, shows that resources received were comparable to anticipated amounts.

Actual expenditures and other financing uses were significantly lower than those approved in the original and final budgets. These differences are primarily caused by the budgeting procedures of the Service Center. As part of the Service Center operations, revenues are received from member districts through a reduction of their state foundation settlements. These deductions are then remitted to the Service Center to hold and use for costs incurred from services provided by the Service Center, as requested by each individual district. The original and final budget includes any funds on hand from the previous year, in addition to an estimated amount to be received and expended for the current year. Actual expenditure variances, as compared to the original and final budgeted amounts, arise when individual member districts do not request enough services to match the budgeted amounts.

**Summit County Educational Service Center
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited**

The Service Center's ending unobligated budgetary balance was \$824,570 above the final budgeted amount primarily due to districts not spending the full amount of their budget requests and carrying over their money to the next fiscal year.

Capital Assets

Due to events described in Note 3 of the basic financial statements, beginning capital assets (net of depreciation) were restated. At the end of fiscal year 2004, the Service Center had \$290,671 invested in capital assets. Table 4 reflects fiscal year 2004 balances compared to fiscal year 2003 restated amounts:

*Table 4
Capital Assets at June 30, 2004
(Net of Depreciation)*

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
<i>Furniture and equipment</i>	290,671	349,784
<i>Vehicles</i>	-	-
<i>Total capital assets</i>	<u>\$ 290,671</u>	<u>\$ 349,784</u>

Overall the value of capital assets decreased over the prior year as a result of current year depreciation exceeding current year additions. For fiscal year 2005, the capital budget calls for a modest increase in capital purchases. See Note 7 to the basic financial statements for detail on the Service Center's capital assets.

Debt

At year-end, the Service Center had only capitalized leases as debt. Lease obligations outstanding at year end total \$19,558, which are for two separate copier leases both scheduled to mature during fiscal year 2006. See Note 12 to the basic financial statements for detail on the Service Center's long-term obligations.

Current Issues

Amended Substitute House Bill 94 allows the County Commissioner's phase out of responsibilities to supply facilities occupied by Service Centers. Previously, the Summit County Council provided office facilities at no cost to the Service Center. The County Council has informed the Service Center that they intend to transfer these costs back to the Board of Governors. The cost is being phased in over a five-year period, with 20%, charged in fiscal year 2003. The cost increases 40% each year until 100% is charged to the Service Center. These costs will ultimately need to flow to the school districts served unless a replacement stream of revenue can be found.

Summit County Educational Service Center
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
Unaudited

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The Service Center is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Ohio's Legislature has directed the Ohio Department of Education to evaluate and recommend an efficient system of regional delivery of educational services. This plan was due to the state legislature by March 2004. Until the plan is published, it is not clear how Educational Service Centers will be impacted.

Contacting the Service Center's Financial Management

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Service Center's finances and to show the Service Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Summit County Educational Service Center Treasurer/CFO Office at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221.

Basic Financial Statements

Summit County Educational Service Center

Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 4,975,072
Receivables:	
Accounts	1,715
Intergovernmental	743,649
Accrued interest	3,182
Prepaid items	11,785
Materials and supplies inventory	5,576
Depreciable capital assets, net	<u>290,671</u>
Total assets	<u>6,031,650</u>
 <u>Liabilities:</u>	
Accounts payable	16,725
Accrued wages	476,393
Intergovernmental payable	163,679
Compensated absences payable	35,750
Long-term liabilities:	
Due within one year	109,588
Due in more than one year	<u>155,719</u>
Total liabilities	<u>957,854</u>
 <u>Net assets:</u>	
Invested in capital assets, net of related debt	271,113
Restricted for:	
Other purposes	377,156
Unrestricted	<u>4,425,527</u>
Total net assets	<u>\$ 5,073,796</u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center

Statement of Activities

For the Fiscal Year Ended June 30, 2004

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 8,909	\$ 421	\$ -	\$ (8,488)
Special	1,870,194	1,523,623	201,669	(144,902)
Vocational	51,425	50,839	-	(586)
Adult/continuing	6,098	-	10,369	4,271
Support services:				
Pupils	1,797,642	981,634	43,894	(772,114)
Instructional staff	2,196,860	671,018	387,380	(1,138,462)
Board of governors	63,916	-	-	(63,916)
Administration	768,258	1,120,610	141,034	493,386
Fiscal	210,193	50,435	22,777	(136,981)
Business	27,818	-	-	(27,818)
Operation and maintenance of plant	148,626	-	-	(148,626)
Central	799,918	211,660	389,532	(198,726)
Interest and fiscal charges	1,881	-	-	(1,881)
Total governmental activities	<u>\$ 7,951,738</u>	<u>\$ 4,610,240</u>	<u>\$ 1,196,655</u>	<u>(2,144,843)</u>

General Revenues:

Grants and entitlements not restricted to specific programs	2,498,378
Investment earnings	58,045
Miscellaneous	35,245
Total general revenues	<u>2,591,668</u>
Change in net assets	446,825
Net assets beginning of year - (See Note 3)	<u>4,626,971</u>
Net assets end of year	<u>\$ 5,073,796</u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center

Balance Sheet

Governmental Funds

June 30, 2004

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 4,577,537	\$ 397,535	\$ 4,975,072
Receivables:			
Accounts	1,715	-	1,715
Intergovernmental	725,632	18,017	743,649
Interfund	18,017	-	18,017
Accrued interest	3,182	-	3,182
Materials and supplies inventory	5,576	-	5,576
Prepaid items	11,785	-	11,785
Total assets	<u>\$ 5,343,444</u>	<u>\$ 415,552</u>	<u>\$ 5,758,996</u>
<u>Liabilities:</u>			
Accounts payable	\$ 16,467	\$ 258	\$ 16,725
Accrued wages	462,269	14,124	476,393
Interfund payable	-	18,017	18,017
Intergovernmental payable	111,144	5,997	117,141
Compensated absences payable	35,750	-	35,750
Deferred revenue	597,718	18,017	615,735
Total liabilities	<u>1,223,348</u>	<u>56,413</u>	<u>1,279,761</u>
<u>Fund balances:</u>			
Reserved for encumbrances	86,221	124,784	211,005
Unreserved:			
Designated for budget stabilization	148,863	-	148,863
Designated for contingencies	250,000	-	250,000
Undesignated, reported in:			
General fund	3,635,012	-	3,635,012
Special revenue funds	-	234,355	234,355
Total fund balances	<u>4,120,096</u>	<u>359,139</u>	<u>4,479,235</u>
Total liabilities and fund balances	<u>\$ 5,343,444</u>	<u>\$ 415,552</u>	<u>\$ 5,758,996</u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2004

Total governmental funds balances		\$ 4,479,235
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		290,671
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 18,017	
Charges for services	597,718	
Total	<u>615,735</u>	615,735
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and are therefore not reported in the funds.		(46,538)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	\$ (245,749)	
Capital leases	(19,558)	
Total	<u>(265,307)</u>	<u>(265,307)</u>
Net assets of governmental activities		<u>\$ 5,073,796</u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Intergovernmental	\$ 2,498,378	\$ 1,199,279	\$ 3,697,657
Interest	58,045	-	58,045
Tuition and fees	499,384	-	499,384
Gifts and donations	-	400	400
Charges for services	3,899,434	162,510	4,061,944
Miscellaneous	34,845	-	34,845
Total revenues	<u>6,990,086</u>	<u>1,362,189</u>	<u>8,352,275</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	8,540	-	8,540
Special	1,644,905	207,254	1,852,159
Vocational	49,872	-	49,872
Adult/continuing	-	6,098	6,098
Support services:			
Pupils	1,734,605	83,933	1,818,538
Instructional staff	1,846,090	327,032	2,173,122
Board of governors	45,037	-	45,037
Administration	636,891	135,617	772,508
Fiscal	220,360	22,367	242,727
Business	27,789	-	27,789
Operation and maintenance of plant	121,694	-	121,694
Central	290,250	507,482	797,732
Capital outlay	-	11,055	11,055
Debt service:			
Principal retirement	10,835	-	10,835
Interest and fiscal charges	1,881	-	1,881
Total expenditures	<u>6,638,749</u>	<u>1,300,838</u>	<u>7,939,587</u>
Excess of revenues over (under) expenditures	<u>351,337</u>	<u>61,351</u>	<u>412,688</u>
<u>Other financing sources (uses):</u>			
Transfers in	-	24,301	24,301
Transfers out	(24,301)	-	(24,301)
Total other financing sources (uses)	<u>(24,301)</u>	<u>24,301</u>	<u>-</u>
Net change in fund balances	327,036	85,652	412,688
Fund balances beginning of year	<u>3,793,060</u>	<u>273,487</u>	<u>4,066,547</u>
Fund balances end of year	<u>\$ 4,120,096</u>	<u>\$ 359,139</u>	<u>\$ 4,479,235</u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2004

Net change in fund balances - total governmental funds	\$	412,688
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital asset additions	\$	11,055
Depreciation expense		<u>(70,168)</u>
Excess of depreciation over capital asset additions		(59,113)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:		
Intergovernmental	\$	151,300
Charges for services		<u>(40,073)</u>
Net change in deferred revenues during the year		111,227
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		10,835
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Increase in compensated absences	\$	(7,133)
Increase in pension obligation		<u>(21,679)</u>
Total additional expenditures		<u>(28,812)</u>
Change in net assets of governmental activities	<u>\$</u>	<u>446,825</u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	\$ 2,488,739	\$ 2,498,378	\$ 2,498,378	\$ -
Interest	100,000	53,253	55,306	2,053
Tuition and fees	388,000	517,846	517,921	75
Charges for services	3,963,433	3,859,065	3,808,614	(50,451)
Miscellaneous	26,000	23,545	23,545	-
Total revenues	<u>6,966,172</u>	<u>6,952,087</u>	<u>6,903,764</u>	<u>(48,323)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	137,547	161,512	8,500	153,012
Special	1,576,146	1,664,186	1,658,796	5,390
Vocational	50,858	49,551	49,524	27
Support services:				
Pupils	2,249,024	1,793,836	1,765,905	27,931
Instructional staff	1,899,059	2,124,998	1,861,573	263,425
Board of governors	57,424	55,371	53,736	1,635
Administration	1,201,200	948,412	643,812	304,600
Fiscal	224,493	225,708	222,458	3,250
Business	57,629	47,612	41,778	5,834
Operation and maintenance of plant	132,238	185,166	135,855	49,311
Central	257,197	343,540	287,044	56,496
Total expenditures	<u>7,842,815</u>	<u>7,599,892</u>	<u>6,728,981</u>	<u>870,911</u>
Excess of revenues over (under) expenditures	<u>(876,643)</u>	<u>(647,805)</u>	<u>174,783</u>	<u>822,588</u>
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	-	11,300	11,300	-
Refund of prior year receipts	-	(16,329)	(16,329)	-
Advances in	65,262	89,563	89,562	(1)
Advances out	(100,000)	(20,000)	(18,017)	1,983
Transfers out	-	(24,301)	(24,301)	-
Total other financing sources (uses)	<u>(34,738)</u>	<u>40,233</u>	<u>42,215</u>	<u>1,982</u>
Net change in fund balance	(911,381)	(607,572)	216,998	824,570
Fund balances at beginning of year	4,085,655	4,085,655	4,085,655	-
Prior year encumbrances appropriated	160,217	160,217	160,217	-
Fund balances at end of year	<u>\$ 3,334,491</u>	<u>\$ 3,638,300</u>	<u>\$ 4,462,870</u>	<u>\$ 824,570</u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Statement of Fiduciary Net Assets
Agency Funds
June 30, 2004

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 1,683,800
Receivables:	
Intergovernmental	29,583
Total assets	<u>\$ 1,713,383</u>
<u>Liabilities:</u>	
Accounts payable	\$ 68,572
Accrued wages	25,997
Intergovernmental payable	21,418
Undistributed monies	1,597,396
Total liabilities	<u>\$ 1,713,383</u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center

NOTE 1 - DESCRIPTION OF THE SERVICE CENTER

The Summit County Educational Service Center (the "Service Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Service Center is a County Educational Service Center as defined by Section 3313.01 of the Ohio Revised Code. The Service Center operates under an elected Board of Governors (5 members). Board members must be residents of the local school systems located in Summit County. The Service Center provides educational services to the local school systems in Summit County as well as nine city school districts, which have a contractual relationship with the Service Center.

Average daily membership (ADM) for the area school districts served by the Service Center as of October 1, 2003 was 53,152. The Service Center employed 67 certificated employees and 105 non-certificated employees at that date.

Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the Service Center are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Service Center.

Component units are legally separate organizations for which the Service Center is financially accountable. The Service Center is financially accountable for an organization if the Service Center appoints a voting majority of the organizations' governing board and (1) the Service Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Service Center is legally entitled to or can otherwise access the organization's resources; the Service Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Service Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Service Center in that the Service Center approves the budget, the issuance of debt or the levying of taxes. The Service Center does not have any component units.

The Service Center is associated with the Northeast Ohio Network for Educational Technology (NEOnet), which is defined as a jointly governed organization. Representatives from each of the governments that create the organization govern jointly governed organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding this organization is presented in Note 14.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Service Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. The Service Center will apply Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to any governmental activities provided they do not conflict with or contradict GASB pronouncements. The Service Center's significant accounting policies are described below.

Notes to the Basic Financial Statements

A. Basis of Presentation

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

Government-wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental activities of the Service 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 Service 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 operations of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Service Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Service Center.

Fund Financial Statements

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

B. Fund Accounting

The Service Center uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Service Center functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Service Center are grouped into the categories of governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Service Center are financed. Governmental funds focus 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.

Summit County Educational Service Center

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

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

Proprietary Funds

Proprietary funds are used to account for the Service Center's ongoing activities that are similar to those found in the private sector. The Service Center has no proprietary funds.

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 Service Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Service Center's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Service Center's only fiduciary funds are agency funds, with the NEOnet agency fund be the most significant. This agency fund is used to account for funds associated with the NEOnet data acquisition site in which the Service Center acts as the fiscal agent.

C. Measurement Focus

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 Service Center are included on the statement of net assets.

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 generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reflects on 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.

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; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Notes to the Basic Financial Statements

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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, available means that 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 Service Center, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the Service Center receives value without directly giving equal value in return include grants, entitlements and donations. 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 year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Service Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Service Center on a reimbursement basis. On a 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 to be both measurable and available at fiscal year-end: interest, tuition, fees, grants, and charges for services.

Deferred Revenue

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 have also been reported as deferred revenue.

Expenditures/Expenses

On the accrual basis of accounting, 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 the governmental funds.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major document prepared is the appropriation resolution, which is prepared on the budgetary basis of accounting. The appropriations resolution is subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Governors.

Summit County Educational Service Center

The Board of Governors must submit an annual appropriation of operating expenses to the State Board of Education for approval in accordance with ORC Section 3317.11. Part of the Service Center's operating expenses are apportioned among the member districts under the basis of the total number of pupils in each district and deducted from funds allocated to local districts under the State's School Foundation Program. Prior to the passage of the Annual Appropriation Resolution, the Board may pass a temporary resolution to meet the ordinary expenses of the Service Center. Appropriations by fund must be within the estimated resources and the total expenditures and encumbrances may not exceed the appropriation at any level of control. The Board must approve any revisions that alter the total of any fund appropriations.

The final budget figures, which appear in the statement of budgetary comparison, represent the last appropriation amounts. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions. Under Ohio law advances are not required to be budgeted.

F. Cash and Cash Equivalents

To improve cash management, all cash received by the Service 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 Service Center records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements and certificates of deposit. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market price. Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in 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 Service Center are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. During the fiscal year all investments of the Service Center had a maturity of three months or less.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, 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 is reported in the year in which services are consumed.

H. Inventory

Within the basic financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used.

I. Capital Assets

All of the Service Center's capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net assets but are not reported on the fund financial statements.

Notes to the Basic Financial Statements

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The Service Center maintains a capitalization threshold of \$1,000. The Service Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. It is the policy of the Service Center to not capitalize interest costs incurred as part of construction.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
<i>Furniture and equipment</i>	<i>3 - 20 years</i>
<i>Vehicles</i>	<i>3 - 5 years</i>

J. Short-term Interfund Assets/Liabilities

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

K. Compensated Absences

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

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 Service 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 Service Center's termination policy.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in 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, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

Summit County Educational Service Center

M. Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Service Center or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net assets restricted for other purposes primarily include amounts for activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils.

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

N. Fund Balance Reserves and Designations

The Service Center records reservations and designations for portions of fund balance that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves are only established for encumbrances. Designations were established by Board resolutions to account for monies held for contingencies and budget stabilization.

O. Interfund transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses for governmental funds. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of net assets. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented in the financial statements.

P. 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.

NOTE 3 - RESTATEMENT OF PRIOR YEAR NET ASSETS

During the fiscal year, the Service Center completed a physical inventory of capital assets, which resulted in a net reduction in the total reported cost of capital assets. Due to this procedure a restatement of beginning net assets is necessary. The restatement is as follows:

Notes to the Basic Financial Statements

	<u>Total</u>
<i>Net assets as previously stated, June 30, 2003</i>	\$ 4,753,569
<i>Restatement (See Note 7)</i>	<u>(126,598)</u>
<i>Net assets restated June 30, 2003</i>	<u>\$ 4,626,971</u>

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the Service Center is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual, presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
<i>GAAP Basis</i>	\$ 327,036
<i>Revenue accruals</i>	14,540
<i>Expenditure accruals</i>	(9,908)
<i>Encumbrances (Budget Basis)</i>	
<i>Outstanding at year end</i>	<u>(114,670)</u>
<i>Budget Basis</i>	<u>\$ 216,998</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Service 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 Service Center Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Summit County Educational Service Center

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts. Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury Bills, Notes, Bonds, or any other obligations 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 other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed 30 days in securities listed above that mature within five years from the date of settlement;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period of 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the Service Center's deposits may be provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Chief Fiscal Officer 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 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 Chief Fiscal Officer or if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Notes to the Basic Financial Statements

A. Deposits:

At fiscal year-end, the carrying amount of the Service Center's deposits was \$3,583,872, and the bank balance was \$4,004,808. Of the bank balance, \$104,808 was covered by federal depository insurance. \$3,900,000 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Service Center's name.

B. Investments:

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the Service Center's investments be classified in categories of custodial credit risk. Category 1 includes investments that are insured or registered or for which the Service Center, or its agent, in the Service Center's name, holds the securities. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the Service Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the Service Center's name.

Interest is legally required to be placed in the general fund. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$58,045, which includes \$16,983 assigned from other Service Center funds.

The Service Center's investment at year-end consisted of an overnight repurchase agreement. It is a Category 3 investment, with a fair value of \$3,075,000.

NOTE 6 - RECEIVABLES

Receivables at year-end consisted of accounts, intergovernmental (grants and entitlements and charges for services provided to other governments), interfund and accrued interest. All receivables are considered collectible in full due to the stable condition of state programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<i>General fund</i>	\$ 725,632
<i>Special revenue funds</i>	
<i>Public School Preschool</i>	10,327
<i>EHA Preschool Grant</i>	<u>7,690</u>
<i>Total intergovernmental receivables</i>	<u>\$ 743,649</u>

Summit County Educational Service Center

NOTE 7 - CAPITAL ASSETS

Capital assets reported as of June 30, 2003 have been restated (See Note 3). The restatement to individual asset classes were as follows:

	<i>Balance</i>		<i>Restated</i>
	<u>June 30, 2003</u>	<u>Adjustments</u>	<u>Balance</u>
			<u>June 30, 2003</u>
<i>Governmental Activities</i>			
<i>Furniture and equipment</i>	\$ 1,031,499	\$ (383,425)	\$ 648,074
<i>Vehicles</i>	18,207	-	18,207
<i>Less: Accumulated depreciation</i>	<u>(573,324)</u>	<u>256,827</u>	<u>(316,497)</u>
<i>Total</i>	<u>\$ 476,382</u>	<u>\$ (126,598)</u>	<u>\$ 349,784</u>

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

<i>Governmental Activities</i>	<i>Restated</i>			<i>Balance</i>
<u>Governmental Activities</u>	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
	<u>July 1, 2003</u>			<u>June 30, 2004</u>
<i>Capital assets, being depreciated:</i>				
<i>Furniture and equipment</i>	\$ 648,074	\$ 11,055	\$ -	\$ 659,129
<i>Vehicles</i>	<u>18,207</u>	<u>-</u>	<u>-</u>	<u>18,207</u>
<i>Total capital assets, being depreciated</i>	<u>666,281</u>	<u>11,055</u>	<u>-</u>	<u>677,336</u>
<i>Less: Accumulated depreciation</i>				
<i>Furniture and equipment</i>	(298,290)	(70,168)	-	(368,458)
<i>Vehicles</i>	<u>(18,207)</u>	<u>-</u>	<u>-</u>	<u>(18,207)</u>
<i>Total accumulated depreciation</i>	<u>(316,497)</u>	<u>(70,168)</u>	<u>-</u>	<u>(386,665)</u>
<i>Total capital assets being depreciated, net</i>	<u>349,784</u>	<u>(59,113)</u>	<u>-</u>	<u>290,671</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 349,784</u>	<u>\$ (59,113)</u>	<u>\$ -</u>	<u>\$ 290,671</u>

Notes to the Basic Financial Statements

Depreciation expense was charged to governmental functions as follows:

	<i>Amount</i>
<i>Instruction:</i>	
<i>Regular</i>	\$ 337
<i>Special</i>	6,005
<i>Support services:</i>	
<i>Instructional staff</i>	25,313
<i>Administration</i>	10,701
<i>Fiscal</i>	730
<i>Operation and maintenance of plant</i>	26,932
<i>Central</i>	150
	\$ 70,168

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at year-end consist of the following individual fund receivables and payables:

	<i>Interfund Receivable</i>	<i>Interfund Payable</i>
<i>General fund</i>	\$ 18,017	\$ -
<i>Nonmajor governmental funds</i>	-	18,017
<i>Total</i>	\$ 18,017	\$ 18,017

All interfund loans made during the year were to cover cash deficits. As of June 30, 2004, all interfund loans outstanding are anticipated to be repaid in fiscal year 2005.

NOTE 9 - RISK MANAGEMENT

The Service Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance coverage nor has insurance coverage been significantly reduced in the past three years.

The Service Center is a participant in the Stark County Schools Council of Government ("Council") for the purpose of obtaining benefits at a reduced premium for health care. Mutual Health Services Company and the Aultcare Corporation administer the insurance program for health care. Payments are made to the Council for monthly premiums, monthly stop-loss premiums, and administrative charges. The fiscal agent of the Council is the Stark County Educational Service Center. The fiscal agent pays Mutual Health Services and the Aultcare Corporation monthly for all participating districts, the actual amount of claims processed, the stop-loss premium, and the administrative charges.

Summit County Educational Service Center

Premium contributions are determined annually based on the claims experience of the individual member. Premiums can be increased or decreased by up to 20% of the prior year's contribution. Members may become liable for additional contributions to fund the liability of the pool. In the event of termination, all participating members claims would be paid without regard to their individual account balances. The Consortium's Board of Directors has authority to return monies to an exiting member subsequent to the settlement of all claims and expenses.

The Service Center pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Service Center contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. For the fiscal year 2003, 8.17% was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board. The Service Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$171,840, \$148,557, and \$97,985, respectively; 95% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$8,270 representing the unpaid contribution for fiscal year 2004 is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The Service Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer defined benefit pension plan. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3307 of the Ohio Revised Code. STRS 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 State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3746.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor.

Notes to the Basic Financial Statements

The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, the member invests member contributions, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2004 plan members were required to contribute 10% of their annual covered salaries. The Service Center was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2003, 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.. The Service Center's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$451,513, \$468,284, and \$361,552, respectively; 89% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$50,104, representing the unpaid contribution for fiscal year 2004, is recorded as a liability within the respective funds. Contributions to the DC and Combined plans for fiscal year 2004 were \$6,808 made by the Service Center and \$10,963 made by the plan members.

NOTE 11 - POSTEMPLOYMENT BENEFITS

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by the STRS based on authority granted by State statute. Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Health care benefits are financed on a pay-as-you-go basis.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The retirement board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the Service Center this amount equaled \$34,732 during the 2004 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$2.8 billion at June 30, 2003, (latest information available). For the year ended June 30, 2003 (latest information available), the net health care costs paid by the STRS were \$352,301,000 and eligible benefit recipients totaled 108,294.

Summit County Educational Service Center

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply. For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$24,500. The surcharge, added to the unallocated portion of the 14% contribution rate, provides for maintenance of the asset target level for the health care fund. For the Service Center, the amount of employer contributions used to fund health care equaled \$139,358, which includes a surcharge of \$46,538 during the 2004 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, the SERS's net assets available for payment of health care benefits were \$300.8 million, at cost. The number of participants receiving health care benefits was approximately 62,000.

NOTE 12 - LONG TERM OBLIGATIONS

Changes in long-term obligations of the Service Center during the current fiscal year were as follows:

	<i>Balance</i>			<i>Balance</i>	<i>Amounts</i>
	<i>July 1</i>	<i>Additions</i>	<i>Reductions</i>	<i>June 30</i>	<i>due within</i>
					<i>one year</i>
<i>Governmental Activities</i>					
<i>Compensated absences</i>	\$ 238,616	\$ 42,883	\$ (35,750)	\$ 245,749	\$ 97,923
<i>Capital leases</i>	30,393	-	(10,835)	19,558	11,665
<i>Total governmental activities</i>					
<i>long-term liabilities</i>	<u>\$ 269,009</u>	<u>\$ 42,883</u>	<u>\$ (46,585)</u>	<u>\$ 265,307</u>	<u>\$ 109,588</u>

Compensated absences will be paid from the fund in which the employee is paid. In prior years, this fund has primarily been the general fund. Capital leases will be paid from the general fund.

NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The Service Center has entered into capitalized leases for the acquisition of copier equipment. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been capitalized in the amount of \$48,000; this amount is equal to the present value of the future minimum lease payments at the time of acquisition in the government-wide financial statements.

Notes to the Basic Financial Statements

Principal payments in the current fiscal year totaled \$10,835. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments at year-end.

<u>Fiscal Year</u>	<u>Lease Payments</u>
2005	\$ 12,717
2006	<u>8,101</u>
<i>Total minimum lease payments</i>	20,818
<i>Less: amount representing interest</i>	<u>(1,260)</u>
<i>Present value of minimum lease payments</i>	<u>\$ 19,558</u>

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the Service Center. NEOnet is an association of public districts in a geographic area determined by the Ohio Department of Education. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All districts in the consortium are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating districts governs NEOnet. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The Service Center does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEOnet are made from the general fund. During the current fiscal year the Service Center contributed a nominal amount to NEOnet.

NOTE 15 - CONTINGENCIES

A. Grants:

The Service 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Service Center at year-end.

B. Other Contingencies:

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The Service Center is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Summit County Educational Service Center

NOTE 16 - FUND DEFICIT

As of June 30, 2004, three funds had a deficit fund balance. These deficits were caused by the application of generally accepted accounting principles. The general fund provides advances to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following special revenue funds had deficits at year:

<i><u>Fund</u></i>	<i><u>Amount</u></i>
<i>Management Information Systems</i>	\$ 26
<i>Public School Preschool</i>	10,159
<i>EHA Preschool Grant</i>	7,556

NOTE 17 - OPERATING LEASE

The Service Center (the “Lessee”) has entered into an operating lease, for a 10-year period commencing on July 1, 2002. The lease is with the Cuyahoga Falls City School District Board of Education (the “Lessor”) for facilities to house the offices and functions of the Service Center. Current year lease payments were \$99,950. Each July 1, the annual lease charge will be increased by the same percentage as the increase in the Consumer Price Index (CPI) over the previous twelve-month period (July 1 - June 30) as defined in Standards and Poor’s Index. Either party upon one year’s advance written notice, with the termination date being June 30, can initiate the early termination of this lease. However, the Lessor agrees that it shall not have the right to terminate the lease until the beginning of the third year of the lease.

Combining Statements

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds

Special revenue funds are established to account for revenues from specific sources, which legally, or otherwise, are restricted to expenditures for specific purposes. A description of the Service Center's special revenue funds follows:

Other Local

To account for funds received from individuals and member districts, in which there are no trust agreements, to be used for preschool field trips, math in-services and continuous improvement projects.

Miscellaneous Local Grants

To account for funds received from private organizations that are restricted for specific purposes.

Management Information Systems

To account for state funds provided to assist the Service Center in implementing a staff, student, and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

Public School Preschool

To account for state monies used to assist the Service Center in paying the cost of preschool programs for children ages three through five year.

Entry Year Program

To account for state grants designed to assist beginning teachers via mentors who will offer the support necessary to help them meet "real-world" fulltime classroom and building challenges.

Data Communications

To account for state monies received to provide Ohio Educational Computer Network connections.

SchoolNet Professional Development

To account for a limited number of professional development subsidy grants.

Miscellaneous State Grants

To account for monies received from state agencies which are not classified elsewhere.

Eisenhower

To account for federal funds used to train teachers in new techniques and methodologies in the areas of mathematics and science.

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds

IDEA Grant

To assist local education agencies with educating special education students.

EHA Preschool Grant

To account for federal funds used for the improvement and expansion of services for handicapped children ages three through five years.

Miscellaneous Federal Grants

To account for various monies received through state agencies from the federal government and directly from the federal government which are not classified elsewhere.

Agency Funds

Agency funds are used to account for assets held by the Service Center as an agent for individuals, private organizations, and other governments:

Service Center Agency

To account for those assets held by the Service Center for school districts that participate in a variety of programs. Control of these funds rests solely with the members of each program. The Service Center acts as the fiscal agent of the funds.

NEOnet

To account for the funds associated with the Northeast Ohio Network for Educational Technology data acquisition site. This is a “fiscal agent” arrangement.

Employee Benefits

To account for those assets held by the Service Center as an agent for individuals. Assets held include items related to payroll transactions.

Summit County Educational Service Center
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Other Local	Miscellaneous Local Grants	Management Information Systems	Public School Preschool	Entry Year Program
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 159,516	\$ 36,347	\$ -	\$ 1,246	\$ 300
Receivables:					
Intergovernmental	-	-	-	10,327	-
Total assets	<u>\$ 159,516</u>	<u>\$ 36,347</u>	<u>\$ -</u>	<u>\$ 11,573</u>	<u>\$ 300</u>

Liabilities and fund balances:

<u>Liabilities:</u>					
Accounts payable	\$ -	\$ 3	\$ -	\$ -	\$ -
Accrued wages	-	8,137	-	-	-
Interfund payable	-	-	-	10,327	-
Intergovernmental payable	-	1,805	26	1,078	-
Deferred revenue	-	-	-	10,327	-
Total liabilities	<u>-</u>	<u>9,945</u>	<u>26</u>	<u>21,732</u>	<u>-</u>

Fund balances:

Reserved for encumbrances	-	1,397	-	600	-
Unreserved, undesignated, reported in special revenue funds	<u>159,516</u>	<u>25,005</u>	<u>(26)</u>	<u>(10,759)</u>	<u>300</u>
Total fund balances (deficits)	<u>159,516</u>	<u>26,402</u>	<u>(26)</u>	<u>(10,159)</u>	<u>300</u>
Total liabilities and fund balances (deficits)	<u>\$ 159,516</u>	<u>\$ 36,347</u>	<u>\$ -</u>	<u>\$ 11,573</u>	<u>\$ 300</u>

Data Communications	SchoolNet Professional Development	Miscellaneous State Grants	Eisenhower	IDEA Grant	EHA Preschool Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ 2,354	\$ 107,900	\$ -	\$ -	\$ 446	\$ 89,426	\$ 397,535
-	-	-	-	-	7,690	-	18,017
<u>\$ -</u>	<u>\$ 2,354</u>	<u>\$ 107,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,136</u>	<u>\$ 89,426</u>	<u>\$ 415,552</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255	\$ 258
-	-	5,987	-	-	-	-	14,124
-	-	-	-	-	7,690	-	18,017
-	1,152	1,624	-	-	312	-	5,997
-	-	-	-	-	7,690	-	18,017
<u>-</u>	<u>1,152</u>	<u>7,611</u>	<u>-</u>	<u>-</u>	<u>15,692</u>	<u>255</u>	<u>56,413</u>

-	50	44,732	-	-	259	77,746	124,784
-	1,152	55,557	-	-	(7,815)	11,425	234,355
-	1,202	100,289	-	-	(7,556)	89,171	359,139
<u>\$ -</u>	<u>\$ 2,354</u>	<u>\$ 107,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,136</u>	<u>\$ 89,426</u>	<u>\$ 415,552</u>

Summit County Educational Service Center
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Other Local	Miscellaneous Local Grants	Management Information Systems	Public School Preschool	Entry Year Program
<u>Revenues:</u>					
Intergovernmental	\$ -	\$ 110,162	\$ 3,000	\$ 129,004	\$ 3,300
Gifts and donations	-	400	-	-	-
Charges for services	12,332	150,178	-	-	-
Total revenues	<u>12,332</u>	<u>260,740</u>	<u>3,000</u>	<u>129,004</u>	<u>3,300</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Special	2,324	76,838	-	94,966	-
Adult/Continuing	-	-	-	-	-
Support services:					
Pupils	-	-	-	43,777	-
Instructional staff	-	64,998	-	-	3,000
Administration	-	-	-	-	-
Fiscal	-	-	-	-	-
Central	-	146,725	2,992	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>2,324</u>	<u>288,561</u>	<u>2,992</u>	<u>138,743</u>	<u>3,000</u>
Excess of revenues over (under) expenditures	<u>10,008</u>	<u>(27,821)</u>	<u>8</u>	<u>(9,739)</u>	<u>300</u>
<u>Other financing uses:</u>					
Transfers in	-	-	-	-	-
Net change in fund balances	10,008	(27,821)	8	(9,739)	300
Fund balances (deficit), beginning of year	149,508	54,223	(34)	(420)	-
Fund balances (deficit), end of year	<u>\$ 159,516</u>	<u>\$ 26,402</u>	<u>\$ (26)</u>	<u>\$ (10,159)</u>	<u>\$ 300</u>

Data Communications	SchoolNet Professional Development	Miscellaneous State Grants	Eisenhower	IDEA Grant	EHA Preschool Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ 2,925	\$ 447,350	\$ -	\$ 34,792	\$ 61,572	\$ 407,174	\$ 1,199,279
-	-	-	-	-	-	-	400
-	-	-	-	-	-	-	162,510
-	2,925	447,350	-	34,792	61,572	407,174	1,362,189
-	-	-	-	-	33,126	-	207,254
-	-	6,098	-	-	-	-	6,098
-	-	-	-	34,792	5,364	-	83,933
-	3,908	228,748	-	3,053	23,325	-	327,032
-	-	135,617	-	-	-	-	135,617
-	-	22,367	-	-	-	-	22,367
39,762	-	-	-	-	-	318,003	507,482
-	-	1,880	-	-	9,175	-	11,055
39,762	3,908	394,710	-	37,845	70,990	318,003	1,300,838
(39,762)	(983)	52,640	-	(3,053)	(9,418)	89,171	61,351
-	-	24,301	-	-	-	-	24,301
(39,762)	(983)	76,941	-	(3,053)	(9,418)	89,171	85,652
39,762	2,185	23,348	-	3,053	1,862	-	273,487
\$ -	\$ 1,202	\$ 100,289	\$ -	\$ -	\$ (7,556)	\$ 89,171	\$ 359,139

Summit County Educational Service Center
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2004

	Beginning Balance July 1, 2003	Additions	Deductions	Ending Balance June 30, 2004
<u>Service Center Agency</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 94,165	\$ 30,096	\$ 12,387	\$ 111,874
Intergovernmental receivable	7,200	-	7,200	-
Total assets	<u>\$ 101,365</u>	<u>\$ 30,096</u>	<u>\$ 19,587</u>	<u>\$ 111,874</u>
<u>Liabilities:</u>				
Undistributed monies	<u>\$ 101,365</u>	<u>\$ 17,709</u>	<u>\$ 7,200</u>	<u>\$ 111,874</u>
<u>NEOnet</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,365,768	\$ 2,015,809	\$ 1,817,072	\$ 1,564,505
Intergovernmental receivable	48,984	29,583	48,984	29,583
Total assets	<u>\$ 1,414,752</u>	<u>\$ 2,045,392</u>	<u>\$ 1,866,056</u>	<u>\$ 1,594,088</u>
<u>Liabilities:</u>				
Accounts payable	\$ 6,794	\$ 68,572	\$ 6,794	\$ 68,572
Accrued wages	26,555	25,997	26,555	25,997
Intergovernmental payable	7,927	13,997	7,927	13,997
Undistributed monies	1,373,476	119,754	7,708	1,485,522
Total liabilities	<u>\$ 1,414,752</u>	<u>\$ 228,320</u>	<u>\$ 48,984</u>	<u>\$ 1,594,088</u>
<u>Employee Benefits</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	<u>\$ 15,625</u>	<u>\$ 16,443</u>	<u>\$ 24,647</u>	<u>\$ 7,421</u>
<u>Liabilities:</u>				
Intergovernmental payable	<u>\$ 15,625</u>	<u>\$ -</u>	<u>\$ 8,204</u>	<u>\$ 7,421</u>
<u>Total Agency Funds</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,475,558	\$ 2,062,348	\$ 1,854,106	\$ 1,683,800
Intergovernmental receivable	56,184	29,583	56,184	29,583
Total assets	<u>\$ 1,531,742</u>	<u>\$ 2,091,931</u>	<u>\$ 1,910,290</u>	<u>\$ 1,713,383</u>
<u>Liabilities:</u>				
Accounts payable	\$ 6,794	\$ 68,572	\$ 6,794	\$ 68,572
Accrued wages	26,555	25,997	26,555	25,997
Intergovernmental payable	23,552	13,997	16,131	21,418
Undistributed monies	1,474,841	137,463	14,908	1,597,396
Total liabilities	<u>\$ 1,531,742</u>	<u>\$ 246,029</u>	<u>\$ 64,388</u>	<u>\$ 1,713,383</u>

**Individual Fund Schedules of Revenues,
Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Basis) and Actual**

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,498,378	\$ 2,498,378	\$ -
Interest	53,253	55,306	2,053
Tuition and fees	517,846	517,921	75
Charges for services	3,859,065	3,808,614	(50,451)
Miscellaneous	23,545	23,545	-
Total revenues	<u>6,952,087</u>	<u>6,903,764</u>	<u>(48,323)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	151,949	1,100	150,849
Materials and supplies	6,363	4,219	2,144
Capital outlay	3,200	3,181	19
Total regular	<u>161,512</u>	<u>8,500</u>	<u>153,012</u>
Special:			
Salaries and wages	1,268,032	1,268,012	20
Fringe benefits	356,880	356,648	232
Purchased services	36,867	32,058	4,809
Materials and supplies	2,407	2,078	329
Total special	<u>1,664,186</u>	<u>1,658,796</u>	<u>5,390</u>
Vocational:			
Salaries and wages	36,545	36,545	-
Fringe benefits	13,006	12,979	27
Total vocational	<u>49,551</u>	<u>49,524</u>	<u>27</u>
Total instruction	<u>1,875,249</u>	<u>1,716,820</u>	<u>158,429</u>
Support services:			
Pupils:			
Salaries and wages	1,250,918	1,250,918	-
Fringe benefits	275,083	274,643	440
Purchased services	253,614	226,697	26,917
Materials and supplies	13,843	13,647	196
Capital outlay	323	-	323
Other	55	-	55
Total pupils	<u>1,793,836</u>	<u>1,765,905</u>	<u>27,931</u>

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Instructional staff:			
Salaries and wages	1,324,262	1,324,262	-
Fringe benefits	305,764	305,576	188
Purchased services	364,827	177,207	187,620
Materials and supplies	99,165	38,716	60,449
Capital outlay	17,276	7,013	10,263
Other	13,704	8,799	4,905
Total instructional staff	2,124,998	1,861,573	263,425
Board of governors:			
Salaries and wages	5,350	5,350	-
Fringe benefits	862	862	-
Purchased services	18,625	17,089	1,536
Materials and supplies	100	99	1
Other	30,434	30,336	98
Total Board of governors	55,371	53,736	1,635
Administration:			
Salaries and wages	304,159	304,159	-
Fringe benefits	78,682	78,598	84
Purchased services	559,402	255,045	304,357
Materials and supplies	849	770	79
Other	5,320	5,240	80
Total administration	948,412	643,812	304,600
Fiscal:			
Salaries and wages	135,940	135,940	-
Fringe benefits	47,454	46,928	526
Purchased services	11,402	9,663	1,739
Materials and supplies	1,394	1,394	-
Other	29,518	28,533	985
Total fiscal	225,708	222,458	3,250
Business:			
Salaries and wages	7,995	7,995	-
Fringe benefits	1,374	1,374	-
Purchased services	8,309	8,182	127
Materials and supplies	29,794	24,087	5,707
Other	140	140	-
Total business	47,612	41,778	5,834

(Continued)

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operation and maintenance of plant:			
Purchased services	182,827	134,318	48,509
Materials and supplies	2,339	1,537	802
Total operation and maintenance of plant	185,166	135,855	49,311
Central:			
Salaries and wages	166,524	166,524	-
Fringe benefits	40,906	40,820	86
Purchased services	135,360	79,133	56,227
Materials and supplies	750	567	183
Total central	343,540	287,044	56,496
Total support services	5,724,643	5,012,161	712,482
Total expenditures	7,599,892	6,728,981	870,911
Excess of revenues over (under) expenditures	(647,805)	174,783	822,588
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	11,300	11,300	-
Refund of prior year receipts	(16,329)	(16,329)	-
Advances in	89,563	89,562	(1)
Advances out	(20,000)	(18,017)	1,983
Transfers out	(24,301)	(24,301)	-
Total other financing sources (uses)	40,233	42,215	1,982
Net change in fund balance	(607,572)	216,998	824,570
Fund balance at beginning of year	4,085,655	4,085,655	-
Prior year encumbrances appropriated	160,217	160,217	-
Fund balance at end of year	\$ 3,638,300	\$ 4,462,870	\$ 824,570

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
Other Local Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 12,332	\$ 12,332	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Purchased services	2,679	2,324	355
Support services:			
Central:			
Purchased services	139,990	-	139,990
Materials and supplies	7	-	7
Capital outlay - new	9,166	-	9,166
Total support services	149,163	-	149,163
Total expenditures	151,842	2,324	149,518
Net change in fund balance	(139,510)	10,008	149,518
Fund balance at beginning of year	149,509	149,509	-
Fund balance at end of year	\$ 9,999	\$ 159,517	\$ 149,518

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
Miscellaneous Local Grants Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 150,809	\$ 131,890	\$ (18,919)
Gifts and donations	400	400	-
Charges for services	150,178	150,178	-
Total revenues	<u>301,387</u>	<u>282,468</u>	<u>(18,919)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	67,707	61,738	5,969
Fringe benefits	11,391	9,888	1,503
Purchased services	3,898	3,898	-
Materials and supplies	2,899	2,899	-
Capital outlay	457	-	457
Total instruction	<u>86,352</u>	<u>78,423</u>	<u>7,929</u>
Support services:			
Instructional staff:			
Salaries and wages	32,410	27,917	4,493
Fringe benefits	13,800	12,220	1,580
Purchased services	53,349	19,674	33,675
Materials and supplies	6,829	5,629	1,200
Total instructional staff	<u>106,388</u>	<u>65,440</u>	<u>40,948</u>
Central:			
Purchased services	11,000	11,000	-
Capital outlay	135,725	135,725	-
Total central	<u>146,725</u>	<u>146,725</u>	<u>-</u>
Total support services	<u>253,113</u>	<u>212,165</u>	<u>40,948</u>
Total expenditures	<u>339,465</u>	<u>290,588</u>	<u>48,877</u>
Excess of revenues over (under) expenditures	<u>(38,078)</u>	<u>(8,120)</u>	<u>29,958</u>
<u>Other financing sources (uses):</u>			
Advances out	<u>(25,921)</u>	<u>(25,921)</u>	<u>-</u>
Net change in fund balance	(63,999)	(34,041)	29,958
Fund balance at beginning of year	37,182	37,182	-
Prior year encumbrances appropriated	33,067	33,067	-
Fund balance at end of year	<u>\$ 6,250</u>	<u>\$ 36,208</u>	<u>\$ 29,958</u>

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
Management Information Systems Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,000	\$ 3,000	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central:			
Salaries and wages	3,000	3,000	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
Public School Preschool Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 129,404	\$ 129,004	\$ (400)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	78,395	78,395	-
Fringe benefits	12,996	12,996	-
Materials and supplies	3,790	3,790	-
Total instruction	95,181	95,181	-
Support services:			
Pupils:			
Purchased services	43,777	43,777	-
Central:			
Purchased services	1,000	600	400
Total support services	44,777	44,377	400
Total expenditures	139,958	139,558	400
Excess of revenues over (under) expenditures	(10,554)	(10,554)	-
<u>Other financing uses:</u>			
Advances in	10,327	10,327	-
Net change in fund balance	(227)	(227)	-
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	227	227	-
Fund balance at end of year	\$ -	\$ -	\$ -

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
Entry Year Program Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,300	\$ 3,300	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Purchased services	3,000	3,000	-
Materials and supplies	300	300	-
Total expenditures	3,300	3,300	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
Data Communications Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central:			
Purchased services	39,893	39,893	-
Total expenditures	39,893	39,893	-
Net change in fund balance	(39,893)	(39,893)	-
Fund balance at beginning of year	39,893	39,893	-
Fund balance at end of year	\$ -	\$ -	\$ -

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
SchoolNet Professional Development Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,925	\$ 2,925	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Purchased services	5,110	2,806	2,304
Net change in fund balance	(2,185)	119	2,304
Fund balance at beginning of year	2,185	2,185	-
Fund balance at end of year	\$ -	\$ 2,304	\$ 2,304

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 447,350	\$ 447,350	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Adult/continuing:			
Purchased services	24,068	10,182	13,886
Support services:			
Instructional staff:			
Purchased services	260,491	238,734	21,757
Materials and supplies	29,520	29,520	-
Total instructional staff	290,011	268,254	21,757
Administration:			
Salaries and wages	71,574	55,779	15,795
Fringe benefits	11,712	9,253	2,459
Purchased services	56,474	56,094	380
Materials and supplies	5,043	4,043	1,000
Capital outlay	13,326	13,326	-
Total administration	158,129	138,495	19,634
Fiscal:			
Purchased services	29,900	22,367	7,533
Total support services	478,040	429,116	48,924
Total expenditures	502,108	439,298	62,810
Excess of revenues over (under) expenditures	(54,758)	8,052	62,810
<u>Other financing sources (uses):</u>			
Advances out	(24,301)	(24,301)	-
Transfers in	24,301	24,301	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	(54,758)	8,052	62,810
Fund balance at beginning of year	937	937	-
Prior year encumbrances appropriated	53,821	53,821	-
Fund balance at end of year	\$ -	\$ 62,810	\$ 62,810

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
Eisenhower Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 27,597	\$ 27,597	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	27,597	27,597	-
<u>Other financing sources:</u>			
Advances out	(27,597)	(27,597)	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
IDEA Grant Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 34,792	\$ 34,792	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils:			
Salaries and wages	30,861	30,861	-
Fringe benefits	3,931	3,931	-
Total pupils	34,792	34,792	-
Instructional staff:			
Purchased services	441	441	-
Total expenditures	35,233	35,233	-
Excess of revenues over (under) expenditures	(441)	(441)	-
<u>Other financing sources (uses):</u>			
Refund of prior year receipts	(2,612)	(2,612)	-
Net change in fund balance	(3,053)	(3,053)	-
Fund balance at beginning of year	3,053	3,053	-
Fund balance at end of year	\$ -	\$ -	\$ -

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
EHA Preschool Grant Fund
For the Fiscal Year Ended June 30, 2004

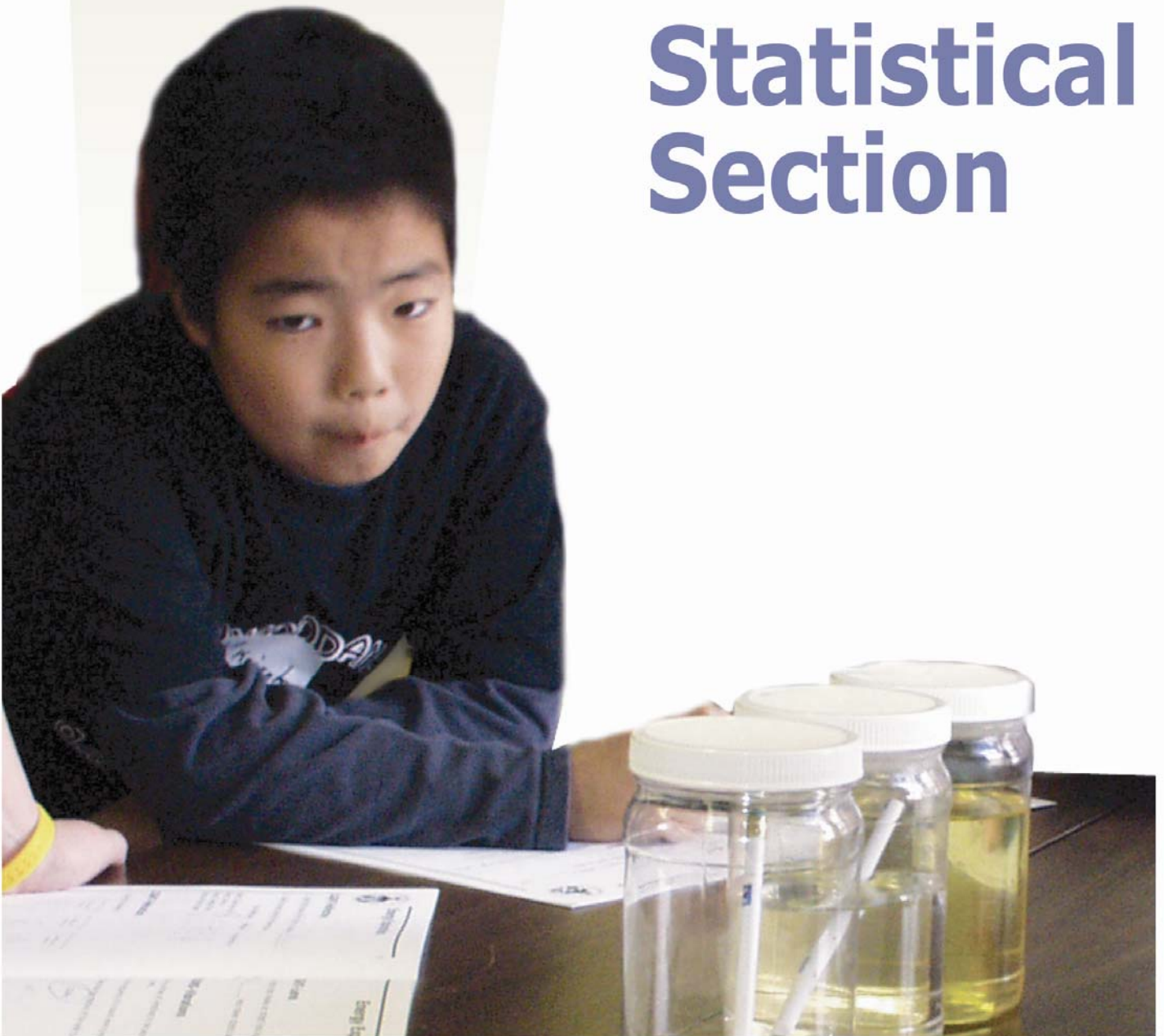
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 82,169	\$ 73,315	\$ (8,854)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	22,706	22,475	231
Fringe benefits	4,662	3,729	933
Materials and supplies	7,288	7,288	-
Total instruction	34,656	33,492	1,164
Support services:			
Pupils:			
Purchased services	5,400	5,400	-
Instructional staff:			
Purchased services	9,100	9,100	-
Materials and supplies	1,054	1,054	-
Capital outlay	22,346	22,346	-
Total instructional staff	32,500	32,500	-
Total support services	37,900	37,900	-
Total expenditures	72,556	71,392	1,164
Excess of revenues over (under) expenditures	9,613	1,923	(7,690)
<u>Other financing sources (uses):</u>			
Advances in	7,690	7,690	-
Advances out	(11,743)	(11,743)	-
Total other financing sources (uses)	(4,053)	(4,053)	-
Net change in fund balance	5,560	(2,130)	(7,690)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	2,130	2,130	-
Fund balance at end of year	\$ 7,690	\$ -	\$ (7,690)

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (Non-GAAP Basis) and Actual
Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2004

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 407,174	\$ 407,174	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central:			
Purchased services	302,853	301,345	1,508
Materials and supplies	4,888	4,886	2
Capital outlay	99,433	89,518	9,915
Total expenditures	407,174	395,749	11,425
Net change in fund balance	-	11,425	11,425
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 11,425	\$ 11,425

Summit County
**Educational
Service Center**

Statistical Section



Summit County Educational Service Center

**Revenues by Source and Expenses by Function - Governmental Activities
Last Three Fiscal Years (1)**

	Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002
Revenues:			
Program revenues:			
Charges for services	\$ 4,610,240	\$ 4,270,385	\$ 4,556,946
Operating grants and contributions	1,196,655	695,293	862,064
General revenues:			
Grants and entitlements	2,498,378	2,585,662	1,963,656
Investment earnings	58,045	78,544	125,806
Miscellaneous	35,245	38,435	36,842
Total revenues	\$ 8,398,563	\$ 7,668,319	\$ 7,545,314
Expenses:			
Current:			
Instruction:			
Regular	\$ 8,909	\$ 11,290	\$ 58,807
Special	1,870,194	2,105,265	1,900,754
Vocational	51,425	58,106	177,566
Adult/continuing	6,098	48,034	-
Support services:			
Pupils	1,797,642	1,696,117	1,779,513
Instructional staff	2,196,860	2,081,258	1,932,347
Board of governors	63,916	31,509	19,352
Administration	768,258	592,645	566,137
Fiscal	210,193	211,210	206,014
Business	27,818	57,747	49,106
Operation and maintenance of plant	148,626	107,352	168,459
Pupil transportation	-	-	11,874
Central	799,918	248,863	446,710
Interest and fiscal charges	1,881	2,359	2,361
Total expenditures	\$ 7,951,738	\$ 7,251,755	\$ 7,319,000

Source: FY2002 - FY2004 Service Center Audit Reports

(1) Accrual basis will be reported for the last ten years when there are enough years of information available.

Summit County Educational Service Center
General Governmental Revenues by Source and Expenditures by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001
<u>Revenues:</u>				
Intergovernmental	\$ 3,697,657	\$ 3,359,436	\$ 2,752,119	\$ 3,847,665
Interest	58,045	78,544	125,806	298,361
Tuition and fees	499,384	362,000	426,351	306,903
Gifts and donations	400	1,300	-	-
Charges for services	4,061,944	3,958,308	3,939,763	3,877,888
Miscellaneous	34,845	37,135	36,842	207,030
Total revenues	<u>\$ 8,352,275</u>	<u>\$ 7,796,723</u>	<u>\$ 7,280,881</u>	<u>\$ 8,537,847</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	\$ 8,540	\$ 11,623	\$ 56,809	\$ 35,611
Special	1,852,159	2,105,228	1,898,949	1,684,129
Vocational	49,872	59,879	175,364	185,644
Adult/continuing	6,098	48,034	-	-
Support services:				
Pupils	1,818,538	1,699,325	1,774,633	1,879,575
Instructional staff	2,173,122	2,053,197	1,926,673	2,049,960
Board of governors	45,037	31,145	19,352	23,068
Administration	772,508	610,079	579,382	554,911
Fiscal	242,727	246,439	209,279	218,938
Business	27,789	53,568	42,980	53,732
Operation and maintenance of plant	121,694	96,325	219,863	115,575
Pupil transportation	-	-	11,874	11,189
Central	797,732	250,746	477,840	328,806
Community services	-	-	-	-
Extracurricular activities	-	-	-	2,311
Capital outlay	11,055	-	-	2,327
Debt service:				
Principal retirement	10,835	13,252	11,236	6,694
Interest and fiscal charges	1,881	2,359	2,361	1,429
Total expenditures	<u>\$ 7,939,587</u>	<u>\$ 7,281,199</u>	<u>\$ 7,406,595</u>	<u>\$ 7,153,899</u>

Source: FY1995 - FY2004 Service Center Audit Reports

Note: General government includes the general fund and all special revenue fund types. These funds have been redefined with the implementation of GASB Statement No. 34, beginning with the Fiscal Year Ended June 30, 2002.

Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999	Fiscal Year Ended June 30, 1998	Fiscal Year Ended June 30, 1997	Fiscal Year Ended June 30, 1996	Fiscal Year Ended June 30, 1995
\$ 5,256,585	\$ 7,014,005	\$ 7,833,745	\$ 5,328,802	\$ 4,358,049	\$ 3,858,352
269,925	276,738	142,546	75,196	58,354	41,540
345,943	221,641	274,707	332,772	246,049	17,874
-	-	-	-	-	-
2,701,100	2,260,906	1,650,305	1,028,464	1,286,739	1,195,585
76,196	282,422	87,810	-	-	-
<u>\$ 8,649,749</u>	<u>\$ 10,055,712</u>	<u>\$ 9,989,113</u>	<u>\$ 6,765,234</u>	<u>\$ 5,949,191</u>	<u>\$ 5,113,351</u>

\$ 80,920	\$ 86,115	\$ 309,287	\$ 69,646	\$ 73,409	\$ 196,161
1,471,551	959,153	831,090	536,933	726,379	763,597
362,991	540,220	487,390	494,721	236,331	187,042
-	-	-	-	-	-
1,583,520	2,282,164	1,633,010	1,488,750	1,609,820	1,536,842
3,272,104	2,677,485	2,459,005	2,591,182	2,406,964	1,874,795
24,080	38,178	19,072	19,912	24,268	22,360
441,680	556,977	1,102,981	538,532	526,276	523,303
219,127	256,703	265,432	171,943	192,833	161,365
65,241	41,757	32,959	49,946	54,387	52,082
1,305,568	1,609,638	119,804	42,495	82,764	80,373
23,049	22,791	21,047	20,861	20,881	-
253,313	679,853	254,114	255,177	287,676	108,254
852	3,286	16,400	3,837	15,000	42,995
2,175	36,237	1,571	-	1,166	991
1,110	2,864	2,704	1,864	-	-
29,349	-	-	-	-	-
1,217	-	-	-	-	-
<u>\$ 9,137,847</u>	<u>\$ 9,793,421</u>	<u>\$ 7,555,866</u>	<u>\$ 6,285,799</u>	<u>\$ 6,258,154</u>	<u>\$ 5,550,160</u>

Summit County Educational Service Center

General Fund Cash Balance History

Last Ten Fiscal Years

	<u>June 30, 2004</u>	<u>June 30, 2003</u>	<u>June 30, 2002</u>	<u>June 30, 2001</u>
Fund balance, unreserved	\$ 4,033,875	3,642,819	3,261,798	3,156,582
Total fund balance	\$ 4,120,096	3,793,060	3,349,468	3,617,874
Cash balance	\$ 4,577,537	4,245,869	3,806,111	3,451,044
Cash balance: less encumbrances	\$ 4,491,316	4,104,774	3,718,441	3,395,583

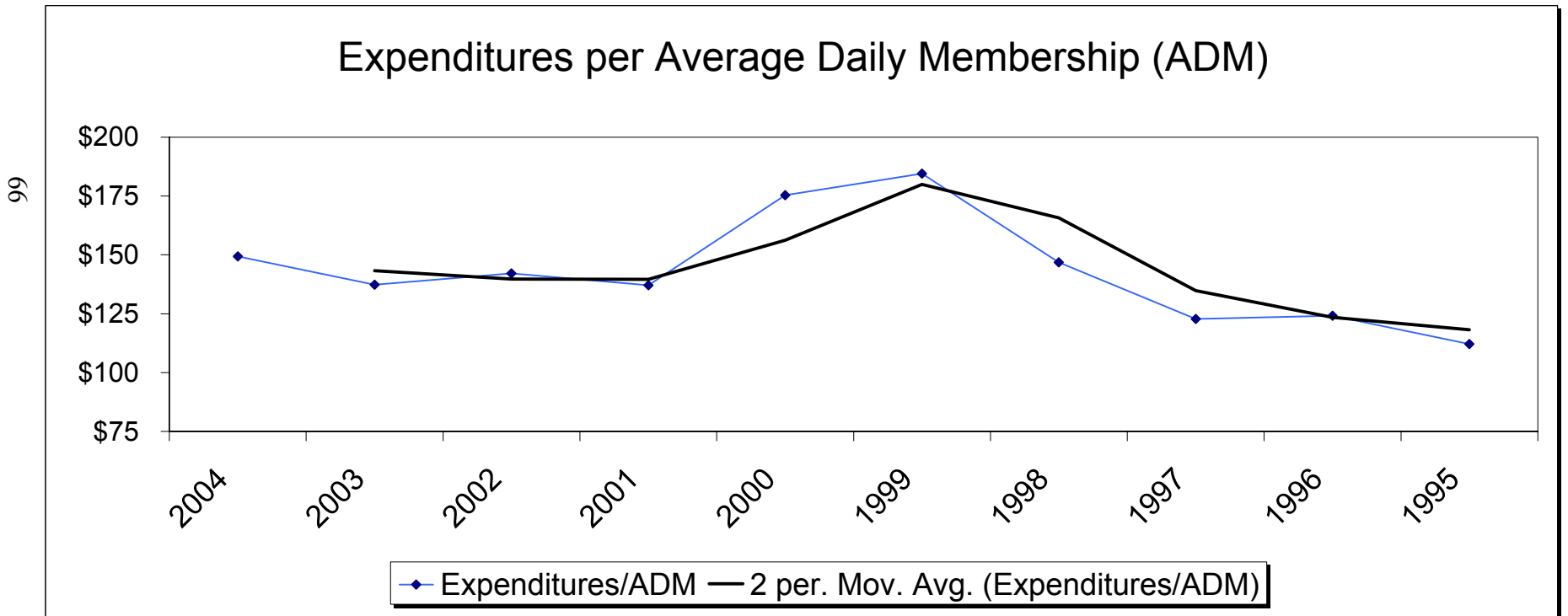
Source: FY1995 - FY2004 Service Center Audit Reports

Note: The general fund has been redefined with the implementation of GASB Statement No. 34, beginning with the Fiscal Year Ended June 30, 2002.

<u>June 30, 2000</u>	<u>June 30, 1999</u>	<u>June 30, 1998</u>	<u>June 30, 1997</u>	<u>June 30, 1996</u>	<u>June 30, 1995</u>
1,435,835	966,470	440,924	(178,884)	(434,963)	(219,035)
1,907,785	1,238,107	862,301	124,746	(333,058)	(96,246)
2,486,780	1,557,876	1,188,726	635,018	356,788	288,842
2,422,315	1,421,260	909,906	410,957	97,528	158,520

Summit County Educational Service Center
Expenditures Per Average Daily Membership (ADM)
Last Ten Fiscal Years

Fiscal Year Ended June 30	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
(1) Expenditures	\$ 7,939,587	\$ 7,281,199	\$ 7,406,595	\$ 7,153,899	\$ 9,137,847	\$ 9,793,421	\$ 7,555,866	\$ 6,285,799	\$ 6,258,154	\$ 5,550,160
(2) ADM	53,152	53,040	52,096	52,191	52,104	53,064	51,439	51,210	50,392	49,505
Expenditures/ADM	\$ 149	\$ 137	\$ 142	\$ 137	\$ 175	\$ 185	\$ 147	\$ 123	\$ 124	\$ 112



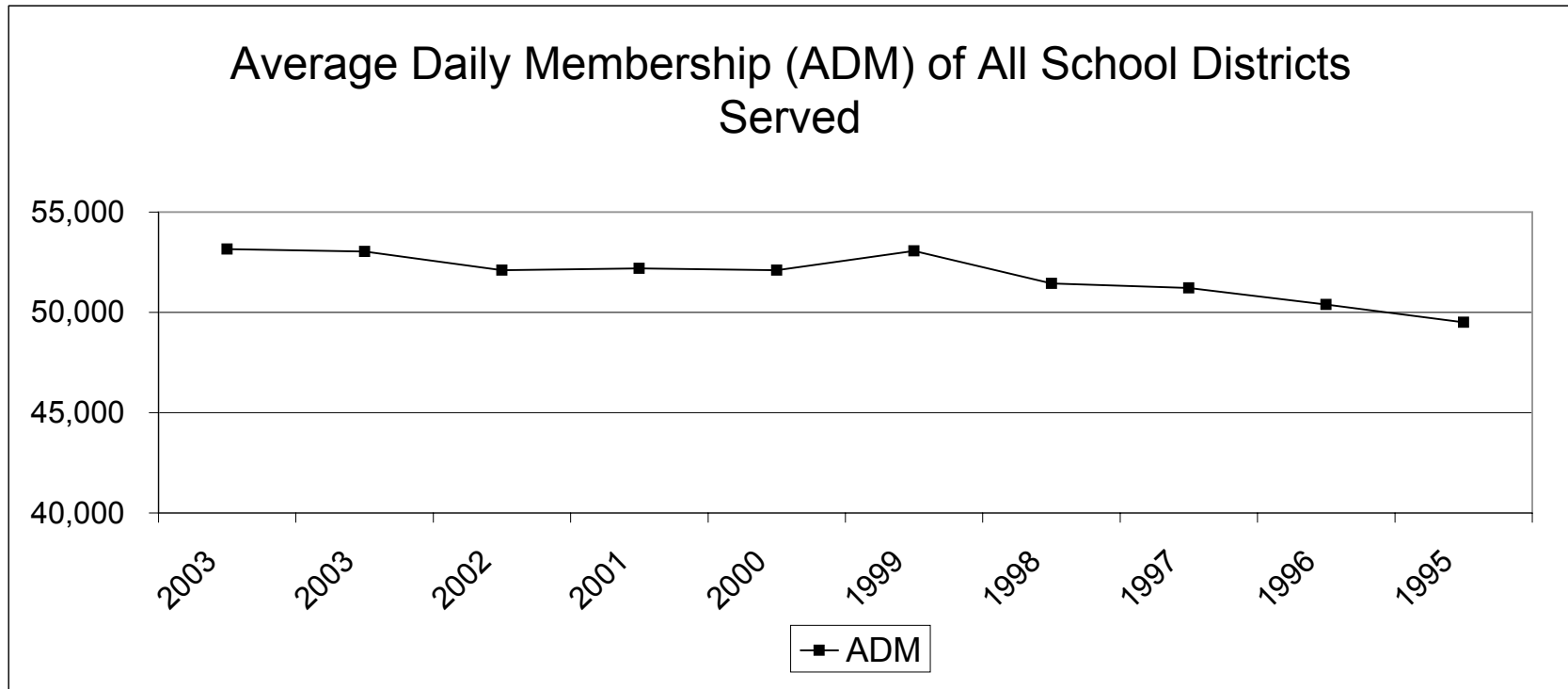
(1) Source: FY1995 - FY2004 Service Center Audit Reports

(2) Source: Annual Financial Report of the Board of Governors (ADU/ODE 4502 reports)

Summit County Educational Service Center
Average Daily Membership (ADM) of All School Districts Served
Last Ten Fiscal Years

Fiscal Year Ended June 30	2003	2003	2002	2001	2000	1999	1998	1997	1996	1995
(1) ADM	53,152	53,040	52,096	52,191	52,104	53,064	51,439	51,210	50,392	49,505
Percent Change	0.21%	1.81%	-0.18%	0.17%	-1.81%	3.16%	0.45%	1.62%	1.79%	2.08%

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(1) Source: Annual Financial Report of the Board of Governors (ADU/ODE 4502 reports)

Summit County Educational Service Center

Miscellaneous Statistics - School Districts Served

Last Three Fiscal Years (1)

Fiscal Year Ended June 30,	Barberton City School District			Copley-Fairlawn City School District		
	2003	2002	2001	2003	2002	2001
Fall Enrollment	4,185	4,252	4,162	3,072	3,000	2,992

Demographic Data:

Average Income	\$ 24,687	\$ 24,398	\$ 25,688	\$ 40,684	\$ 41,108	\$ 42,126
Property Valuation/Pupil	98,265	100,187	86,840	233,871	246,854	216,549

Fiscal Data:

Effective Mills	25.22	25.14	29.32	31.37	31.30	28.57
Average Teacher Salary	\$ 43,341	\$ 41,990	\$ 42,607	\$ 51,149	\$ 48,982	\$ 46,977

Staff Data:

Percent of Teachers With No Degree	N/A	N/A	N/A	N/A	N/A	N/A
Percent of Teachers With Bachelor Degree	N/A	N/A	N/A	N/A	N/A	N/A
Percent of Teachers With Masters Degree	N/A	N/A	N/A	N/A	N/A	N/A
Average Teacher Experience (yrs.)	N/A	N/A	N/A	N/A	N/A	N/A

Output:

Pupil Attendance Rate	93.70	93.50	93.30	96.60	96.20	96.10
Graduation Rate	78.10	78.00	71.60	96.10	96.80	61.20

Fiscal Year Ended June 30,	Nordonia Hills City School District			Norton City School District		
	2003	2002	2001	2003	2002	2001
Fall Enrollment	3,661	3,640	3,588	2,517	2,544	2,515

Demographic Data:

Average Income	\$ 38,766	\$ 39,329	\$ 40,282	\$ 31,569	\$ 31,457	\$ 34,469
Property Valuation/Pupil	231,123	232,739	209,099	119,277	111,347	103,981

Fiscal Data:

Effective Mills	25.62	25.71	27.48	26.43	26.51	29.38
Average Teacher Salary	\$ 46,020	\$ 45,546	\$ 44,354	\$ 45,166	\$ 42,795	\$ 42,339

Staff Data:

Percent of Teachers With No Degree	N/A	N/A	N/A	N/A	N/A	N/A
Percent of Teachers With Bachelor Degree	N/A	N/A	N/A	N/A	N/A	N/A
Percent of Teachers With Masters Degree	N/A	N/A	N/A	N/A	N/A	N/A
Average Teacher Experience (yrs.)	N/A	N/A	N/A	N/A	N/A	N/A

Output:

Pupil Attendance Rate	95.90	95.50	95.50	95.20	95.00	95.20
Graduation Rate	92.50	95.80	90.20	97.30	92.90	88.90

Source: Ohio Department of Education, Summit County Fiscal Officer, Ohio Department of Taxation

(1) Information is not available for fiscal year 2004 due to this year still being under audit for some schools.

Coventry Local School District			Cuyahoga Falls City School District			Green Local School District		
2003	2002	2001	2003	2002	2001	2003	2002	2001
2,242	2,416	2,397	5,042	5,154	5,217	3,903	3,927	3,930
\$ 31,015	\$ 30,517	\$ 31,663	\$ 31,034	\$ 31,257	\$ 32,825	\$ 35,582	\$ 35,574	\$ 36,856
163,699	119,833	133,542	148,844	153,588	134,289	137,524	148,560	123,754
34.00	24.03	28.60	28.49	28.39	26.24	34.54	34.36	34.98
\$ 40,167	\$ 40,687	\$ 39,429	\$ 42,728	\$ 41,796	\$ 41,004	\$ 45,890	\$ 44,554	\$ 43,223
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
94.50	94.00	94.00	95.20	94.60	94.30	96.10	96.50	96.70
95.10	91.80	93.60	89.60	88.90	82.80	97.20	94.30	94.10

Revere Local School District			Springfield Local School District			Stow-Munroe Falls City School District		
2003	2002	2001	2003	2002	2001	2003	2002	2001
2,735	2,769	2,779	2,858	2,950	2,959	5,820	5,749	5,757
\$ 47,433	\$ 47,913	\$ 47,818	\$ 28,870	\$ 28,490	\$ 29,326	\$ 36,665	\$ 37,749	\$ 38,771
266,845	278,996	238,244	139,669	139,203	127,432	145,166	152,519	131,545
30.13	29.52	33.26	29.55	30.83	31.90	34.99	35.38	32.80
\$ 52,451	\$ 52,375	\$ 47,429	\$ 45,577	\$ 42,079	\$ 40,574	\$ 48,978	\$ 47,433	\$ 45,324
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
96.10	95.60	95.40	93.50	93.50	93.40	95.40	94.80	94.50
98.70	97.80	93.90	83.30	84.90	75.90	92.80	94.80	92.90

(Continued)

Summit County Educational Service Center

Miscellaneous Statistics - School Districts Served

Last Three Fiscal Years (1)

Fiscal Year Ended June 30,	Hudson City School District			Manchester Local School District		
	2003	2002	2001	2003	2002	2001
Fall Enrollment	5,300	5,266	5,304	1,479	1,424	1,430

Demographic Data:

Average Income	\$ 57,760	\$ 58,139	\$ 59,796	\$ 32,985	\$ 31,975	\$ 33,877
Property Valuation/Pupil	158,714	166,023	145,010	116,126	121,509	99,440

Fiscal Data:

Effective Mills	43.77	37.72	41.30	27.16	27.11	30.60
Average Teacher Salary	\$ 54,409	\$ 52,312	\$ 50,283	\$ 43,998	\$ 42,645	\$ 42,196

Staff Data:

Percent of Teachers With No Degree	N/A	N/A	N/A	N/A	N/A	N/A
Percent of Teachers With Bachelor Degree	N/A	N/A	N/A	N/A	N/A	N/A
Percent of Teachers With Masters Degree	N/A	N/A	N/A	N/A	N/A	N/A
Average Teacher Experience (yrs.)	N/A	N/A	N/A	N/A	N/A	N/A

Output:

Pupil Attendance Rate	96.10	95.90	95.70	95.80	95.50	95.10
Graduation Rate	96.60	97.40	96.60	94.80	96.40	92.10

Fiscal Year Ended June 30,	Tallmadge City School District			Twinsburg City School District		
	2003	2002	2001	2003	2002	2001
Fall Enrollment	2,730	2,677	2,684	3,872	3,768	3,771

Demographic Data:

Average Income	\$ 33,349	\$ 33,962	\$ 36,442	\$ 41,907	\$ 41,610	\$ 42,921
Property Valuation/Pupil	141,564	148,202	129,752	228,630	230,279	212,362

Fiscal Data:

Effective Mills	32.50	32.56	35.04	32.61	32.27	35.26
Average Teacher Salary	\$ 46,329	\$ 44,474	\$ 43,171	\$ 49,290	\$ 45,798	\$ 46,124

Staff Data:

Percent of Teachers With No Degree	N/A	N/A	N/A	N/A	N/A	N/A
Percent of Teachers With Bachelor Degree	N/A	N/A	N/A	N/A	N/A	N/A
Percent of Teachers With Masters Degree	N/A	N/A	N/A	N/A	N/A	N/A
Average Teacher Experience (yrs.)	N/A	N/A	N/A	N/A	N/A	N/A

Output:

Pupil Attendance Rate	95.80	95.80	95.60	96.10	95.70	95.50
Graduation Rate	91.60	91.60	89.60	95.50	93.20	89.50

Source: Ohio Department of Education, Summit County Fiscal Officer, Ohio Department of Taxation

(1) Information is not available for fiscal year 2004 due to this year still being under audit for some schools.

Mogadore Local School District		
2003	2002	2001
864	837	850
\$ 31,293	\$ 30,709	\$ 31,539
152,594	135,929	143,837
28.57	29.32	32.29
\$ 43,319	\$ 41,190	\$ 40,751
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
95.50	95.60	95.60
96.90	91.20	92.90

Woodridge Local School District		
2003	2002	2001
1,741	1,723	1,710
\$ 38,583	\$ 38,885	\$ 38,479
251,515	268,689	235,531
31.14	30.73	32.40
\$ 43,338	\$ 42,425	\$ 39,158
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
95.30	94.80	94.20
94.10	85.70	90.90

Total/Highest/Lowest All Districts Served					
2003		2002		2001	
52,021		52,096		52,104	
<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
\$ 57,760	\$ 24,687	\$ 58,139	\$ 24,398	\$ 59,796	\$ 25,688
266,845	98,265	278,996	100,187	\$ 238,244	\$ 86,840
43.77	25.22	37.72	24.03	41.30	26.24
\$ 54,409	\$ 40,167	\$ 52,375	\$ 40,687	\$ 50,283	\$ 39,158
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
96.60	93.50	96.50	93.50	96.70	93.30
98.70	78.10	97.80	78.00	96.60	61.20

Summit County Educational Service Center

Property Values, Bank Deposits and Construction

Last Ten Fiscal Years

<u>Year</u>	<u>Total Assessed Values</u>	<u>Certified Bank Deposits (000's)</u>	<u>Value of Building Permits Issued</u>
2003	\$ 11,782,689	\$ 7,827,789	\$ 178,190
2002	10,628,577	8,097,304	188,448
2001	10,506,016	7,870,201	513,216
2000	9,650,738	7,156,344	801,385
1999	9,412,700	7,071,487	799,751
1998	9,164,288	5,749,282	751,858
1997	9,118,858	5,153,519	706,833
1996	8,859,290	4,353,857	646,156
1995	7,550,357	4,267,009	652,677
1994	7,381,330	4,199,905	631,375

Sources:

Total Assessed Value - Summit County Fiscal Officer

Financial Institution Deposits - Akron Clearing House, 1997-2000 Cleveland Federal Reserve

Building Permits - County of Summit Executive's Building Department



**Auditor of State
Betty Montgomery**

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SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

SUMMIT 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 10, 2005**