

# Summit County Educational Service Center

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*Report Letters*

***June 30, 2008***





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Summit County Educational Service Center, Summit County, prepared by Rea & Associates, Inc., for the audit period July 1, 2007 through June 30, 2008. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 7, 2009

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**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 16, 2008

To the Board of Governors  
Summit County Educational Service Center  
420 Washington Avenue  
Cuyahoga Falls, Ohio 44211

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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 as of and for the year ended June 30, 2008, and have issued our report thereon dated December 16, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Summit County Educational Service 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 an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Service Center's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Summit County Educational Service Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

*Rea & Associates, Inc.*



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 16, 2008

The Board of Governors  
Summit County Educational Service Center  
420 Washington Avenue  
Cuyahoga Falls, Ohio 44211

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

### Compliance

We have audited the compliance of the Summit County Educational Service Center with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. Summit County Educational Service 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 Summit County Educational Service Center's management. Our responsibility is to express an opinion on Summit County Educational Service Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circulars 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 federal program occurred. An audit includes examining, on a test basis, evidence about Summit County Educational Service 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 Summit County Educational Service Center's compliance with those requirements.

In our opinion, Summit County Educational Service 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, 2008.



### Internal Control Over Compliance

The management of the Summit County Educational Service 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 Summit County Educational Service 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Summit County Educational Service Centers' internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

### Schedule of Expenditures of Federal Awards

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 as of and for the year ended June 30, 2008, and have issued our report thereon dated December 16, 2008. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements of the Summit County Educational Service Center. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Governors, management 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.

*Rea & Associates, Inc.*

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Year	Federal Receipts	Federal Disbursements
<b>U. S. Department of Education (Passed Through Ohio Department of Education):</b>				
<i>Special Education Cluster</i>				
SERCC Grant	84.027	2007	\$ 400,898	\$ 468,506
State Support Team Region 8	84.027	2008	840,687	916,703
Total IDEA-B			1,241,585	1,385,209
Preschool Grant	84.173	2007	1,676	2,275
Preschool Grant	84.173	2008	39,649	42,806
Total Preschool Grants			41,325	45,081
<i>Total Special Education Cluster</i>			1,282,910	1,430,290
<i>State Personnel Development</i>				
SIG Implementation Grant	84.323	2007	0	648
SIG Implementation Grant	84.323	2008	41,669	36,860
Total State Personnel Development			41,669	37,508
<i>Personnel Development for Children with Disabilities</i>				
SPDG Grant	84.323	2008	13,079	8,284
Total Personnel Development for Children with Disabilities			13,079	8,284
Total Department of Education			1,337,658	1,476,082
Total Federal Assistance			\$ 1,337,658	\$ 1,476,082

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 , Section .505  
JUNE 30, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non- compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Special Education Cluster #84.027 & 84.173
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

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

None noted.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None noted.



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Summit County

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# Educational Service Center

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Cuyahoga Falls, OH

**Comprehensive Annual  
Financial Report**

**Fiscal Year Ended June 30, 2008**



# **Summit County Educational Service Center**

**Cuyahoga Falls, Ohio**

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Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

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, 2008  
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Summit County  
**Educational  
Service Center**

**Introductory  
Section**



December 16, 2008

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, 2008 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 2007-2008 fiscal year end.

Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Service Center. 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 our Independent Auditor’s, conforms with accounting principles generally accepted 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.

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 Independent Auditor’s Report.

## **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 52,912 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 did not have any financial policies that had a significant impact on the current period financial statements. The Board appoints the Superintendent and the Chief Fiscal Officer. All other staff are 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 Linda Fuline who has served in this position since August 2006. Her current contract extends until July 31, 2009.

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 2011.

## **SERVICES**

### **Curriculum and Instructional Technology**

The Curriculum & Instructional Technology Service Team 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 professional 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 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, data driven decision making.

During Fiscal year 2008 two hundred sixty eight teachers/administrators were provided professional development workshops. One hundred twenty one administrators were given Value Added training. Thirty professional development presentations were given. Three hundred and four days of professional development were administered to school districts in and out of Summit County. Newly added was a Safe and Positive Schools Workshop where two hundred students and administrators from Summit County attended. Also new to the Service Center was the introduction of post-secondary credit in Chinese/Arabic Language in partnership with The University of Akron and Kent State University. This post-secondary program introduced 31 students to Arabic and sixty students to Chinese, including seven teachers. A safety net of sorts was added to assist children who might otherwise fall through the system. This safety net is the Alternative Education Academy. Six districts participated, enrolling fifteen students. These students take on-line courses at the Service Center under the supervision of teachers and guidance counselors. This program is a stop-gap for students who do not fit into a traditional classroom. Through the Academy the Service Center also offers credit recovery and served twenty one summer school students.

The Service Center operates a media library for Summit County. Affiliated schools are able to borrow videotapes, CD-ROMS and laser discs from our consortium 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/Tuancy, 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. Specifically, in 2008 the work-study program assisted one hundred and eight students in seven school districts, had forty four parent consultations and had sixty employer participants. School Psychologists served seven hundred twenty one students and had three hundred thirty four parent meetings. The gifted consultants serve six school districts in Summit County and provided seventy five in-service meetings to gifted teachers.

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 and nutrition. Participating districts contract for this program. The preschool program, in fiscal year 2008 included 17 classrooms across Summit County that served three hundred and forty students. Two hundred and thirty of those students received cognitive, behavioral and speech assessments. The preschool program employs 17 classroom teachers, 19 classroom assistants, 7 speech/language pathologists, 3 psychologists and one school nurse.

### **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 effectively 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.

### **Administration**

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 other vital benefits 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 other agencies (State Support Team for Region Eight) 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.

Legislation has passed regarding management of regional services offered by the Ohio Department of Education. House Bill 115 established the Educational Regional Service System (ERSS). This new system requires a coordinated, integrated and aligned system to support state and school district efforts to improve school effectiveness and student achievement. The system will consist of sixteen regions. Each region will have a fiscal agent. The selection of a fiscal agent will be through a RFP (request for proposal) process. Selected Fiscal Agents in each region will have the responsibility of allocating resources to provide regional services and also assuring that the state-sponsored regional improvement initiatives are deployed according to Ohio Department of Education guidance. The Summit County Educational Service Center is the fiscal agent for State Support Team Region 8 which includes Portage, Medina and Summit Counties.

Summit County has been historically associated with the rubber industry. Although the rubber industry is still extremely important to the economy in Summit County, the Goodyear Tire and Rubber Company has been replaced as the largest employer in Summit County. It should not come as a surprise that the largest employer in our county is associated with the health industry. Summa Health Systems is now the largest employer in Summit County with 7,800 employees. Akron General Medical Center is in second place with 5,459 employees, finally followed by the University of Akron with 5,070 employees. The County of Summit is in fourth place with 4,020 employees. Akron Public School District takes fifth place with 3,925 employees. Goodyear Tire and Rubber Company has fallen to sixth place for number of employees with 3,600.

The County is headquarters for thirty-four corporations which are ranked among the 1,000 largest industrial and non-industrial corporations in the United States by *Fortune* magazine in 2008. 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. History shows Summit County has fared favorably in unemployment rates compared to National and State rates. Current numbers show this trend is changing. The county unemployment rate in 2006 was at 5.3%. This percentage is down from the 2005 rate that was 5.8%. As a comparison in 2006, the State rate was at 5.5% and the National rate at 4.6%. The workforce is transitioning from manufacturing to service industries. In Akron, the largest segment of employment has shifted from manufacturing followed to trade, information and service employers.

Fiscal year 2009 will be the first year the Ohio Department of Education will require Educational Service Centers to submit a Five Year Financial Forecast. This does not mean in years past we have not planned for our financial future. There has been one trend in particular that we have watched. That trend is the gradual decrease in state funding, and a compensating increase in local funding. The Educational Service Center has planned for our financial future by looking for sources of business, rather than relying on the State of Ohio as our only source of income.

## **FINANCIAL INFORMATION**

### **Accounting**

This is the seventh 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 Independent Auditor’s Report, providing an assessment of the Service Center’s finances for fiscal year 2008 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. Based upon the level of federal spending for fiscal year 2008, a single audit was required.

## **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.

## **Long-term Financial Planning**

Due to the important nature of the work done here at the Service Center, our future financial security is necessary in providing our member districts with a reliable source of cost effective services. The building where our office is housed was purchased in fiscal year 2006. In an effort to maintain this important asset, we will be investing in the heating and cooling system, windows and lighting. We have reorganized offices in an attempt to create more room for professional development. Efficient and effective use of space and conservation of energy will help us move closer to the constant goal of maintaining a healthy cash balance and still provide cost effective services to our member districts. In an attempt to only spend what we bring in, we evaluate our staffing as it relates to requests for services each year. This ongoing process of ensuring good use of human capital will generate the cash needed to continue providing needed services to our districts

## **CASH MANAGEMENT**

The Service Center's approach to the cash management program has continued to be consistent during 2007-2008 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 \$228,370.

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 uninsured 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 uninsured public monies deposited in a financial institution. A detailed description of the Service Center's investment functions is described in Note 4 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 2008 were \$757,354 and \$463,979 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 Amendments of 1996 and related OMB Circular A-133, by the Auditor of State. The accounting firm of Rea & Associates, Inc. performed the audit for the period ended June 30, 2008. 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, 2007 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,

A handwritten signature in cursive script, appearing to read "Sondra Clevenger". The signature is written in black ink and is positioned to the left of a vertical line.

Sondra Clevenger  
Chief Fiscal Officer

*Summit County Educational Service Center*  
**Public Officials Roster**  
**Year Ended June 30, 2008**

Board of Governors

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

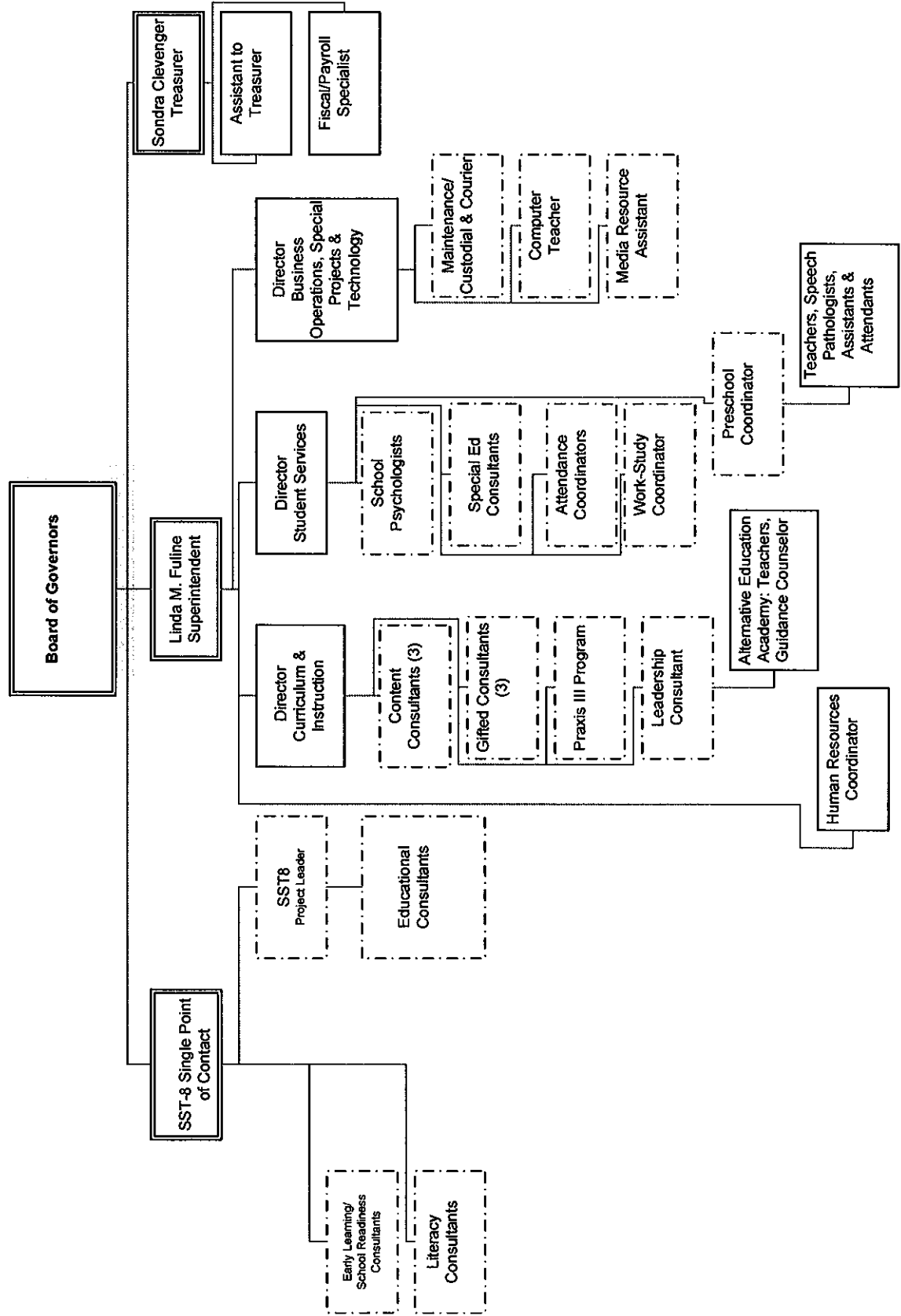
Chief Fiscal Officer

Mrs. Sondra Clevenger

Administration

Mrs. Linda Fuline	Superintendent
Mr. William Holko	Director of Curriculum & Instructional Technology
Mrs. Denise Cirino	Director of Pupil Personnel Services

# SUMMIT COUNTY EDUCATIONAL SERVICE CENTER



# 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, 2007

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.



*Oliver S. Cox*

President

*Jeffrey R. Emmer*

Executive Director



The background of the entire page is a close-up photograph of several coins scattered across a light-colored surface. The coins are a mix of copper and silver colors, with some showing the profile of a person's head. The lighting creates soft shadows and highlights the metallic texture of the coins.

Summit County  
**Educational  
Service Center**

**Financial  
Section**





# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 16, 2008

The Board of Governors  
Summit County Educational Service Center  
420 Washington Avenue  
Cuyahoga Falls, Ohio 44211

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Summit County Educational Service Center (Service Center), as of and for the year ended June 30, 2008, which collectively comprise the Service Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Service Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Service Center, as of June 30, 2008, and the respective changes in financial position, and the respective budgetary comparisons for the general fund and educational regional service system fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2008 on our consideration of the Service Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Service Center's basic financial statements. The accompanying introductory section, combining and individual non-major fund financial statements, other schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. We subjected the combining non-major statements and schedules to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory sections and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Rea & Associates, Inc.*

## *Summit County Educational Service Center*

### Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

The discussion and analysis of the 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, 2008. 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, the basic financial statements and notes to enhance understanding of the Service Center's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets increased \$1,524,577. This represents a 24.7 percent increase from fiscal year 2007.
- Total assets increased \$2,913,556, or 39.2 percent as compared to fiscal 2007. Total liabilities increased \$1,388,979 or 109.4 percent as compared to fiscal 2007.
- General revenues accounted for \$2,580,115 in revenue, or 19.1 percent of all revenues. Program specific revenues, in the form of charges for services and operating grants and contributions accounted for \$10,917,200 or 80.9 percent of all revenues.
- The General fund, the Service Center's largest major fund, has \$10,306,666 in revenues, or 78.6 percent of total governmental revenues and \$9,022,103 in expenditures or 75.6 percent of total governmental expenditures. The General fund's balance increased \$1,284,563 during fiscal year 2008.

### **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 2008. 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, 2008

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 reporting of the Service Center's major fund begins on page 14. Fund financial reports provide detailed information about the Service Center's major funds. 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 major governmental funds are the general fund, educational region service system special revenue fund and the permanent improvements capital project 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, 2008

### 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 2008 compared to 2007:

Table 1  
Net Assets

	Governmental Activities	
	2008	2007
<b>Assets</b>		
Current and other assets	\$ 9,370,113	\$ 6,409,884
Capital assets, net	982,796	1,029,469
Total assets	10,352,909	7,439,353
<b>Liabilities</b>		
Long-term liabilities	1,448,828	245,838
Other liabilities	1,209,359	1,023,370
Total liabilities	2,658,187	1,269,208
<b>Net Assets</b>		
Invested in capital assets, net of related debt	956,526	993,685
Restricted	1,864,256	272,331
Unrestricted	4,873,940	4,904,129
Total net assets	\$ 7,694,722	\$ 6,170,145

Total assets increased \$2,913,556 or 39.2 percent, as compared to fiscal year 2007. The primary increases were to cash held with escrow agent (see Note 4.B.) and intergovernmental receivables. During the fiscal year, the Service Center began receiving Ohio Department of Education (ODE) grants to carry out the programs established by House Bill 115. Liabilities increased \$1,388,979 or 109.4 percent, as compared to fiscal year 2007. This increase was primarily due to the Service Center entering into a lease-purchase agreement (\$1,230,858 outstanding as of year-end) for HVAC improvements for heating and cooling. Overall net assets of the Service Center have increased by \$1,092,787, or 17.7 percent as compared to fiscal year 2007.

Table 2 reflects the changes in net assets for fiscal year 2008 compared to fiscal year 2007.

# Summit County Educational Service Center

## Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

Table 2  
Changes in Net Assets

	Governmental Activities	
	2008	2007
<b>Revenues</b>		
<i>Program revenues</i>		
<i>Charges for services</i>	\$ 7,635,805	\$ 7,022,060
<i>Operating grants, contributions and interest</i>	3,281,395	943,996
<i>General Revenues</i>		
<i>Grants and entitlements</i>	2,302,630	2,441,160
<i>Investment earnings</i>	228,370	329,136
<i>Miscellaneous</i>	49,115	28,230
<i>Total revenues</i>	<u>13,497,315</u>	<u>10,764,582</u>
<b>Program Expenses</b>		
<i>Instruction</i>		
<i>Regular</i>	540,996	369,429
<i>Special</i>	2,998,717	2,904,473
<i>Vocational</i>	60,090	58,931
<i>Adult/continuing</i>	1,215	1,888
<i>Support services</i>		
<i>Pupils</i>	2,964,052	2,586,241
<i>Instructional staff</i>	3,204,321	2,284,496
<i>Board of governors</i>	69,199	55,669
<i>Administration</i>	1,332,565	846,333
<i>Fiscal</i>	307,573	270,605
<i>Business</i>	42,678	63,513
<i>Operation and maintenance of plant</i>	210,114	123,790
<i>Central</i>	226,744	248,083
<i>Extracurricular activities</i>	12,696	19,638
<i>Interest and fiscal charges</i>	1,778	2,299
<i>Total expenses</i>	<u>11,972,738</u>	<u>9,835,388</u>
 <i>Change in net assets</i>	 1,524,577	 929,194
 <i>Net Assets Beginning of Year</i>	 <u>6,170,145</u>	 <u>5,240,951</u>
<i>Net Assets End of Year</i>	<u>\$ 7,694,722</u>	<u>\$ 6,170,145</u>

### Governmental Activities

A review of Table 2 reflects total revenues of \$13,497,315, which was an increase of \$2,732,733 as compared to 2007. The primary increase in revenues was attributed to an increase in operating grants of \$2,337,399. The primary factor causing this increase in revenues was during the fiscal year, the Service Center began receiving Ohio Department of Education (ODE) grants to carry out the programs established by House Bill 115.



# Summit County Educational Service Center

## Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

The cost of instructional services was \$3,601,018, or 30.1 percent 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 increased over 2007 by \$266,297, or 7.4 percent. The primary cause to the overall increase in instructional expenses was caused by an increase in additional educational staffing services provided to member and other local public and private school districts.

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 \$6,168,373, or 51.5 percent as compared to the total expenses of the Service Center. These expenses increased \$1,297,636 or 26.6 percent as compared to 2007. The primary cause to the overall increase in expenses was caused by the increase in instructional staff programs using grant revenues provided by the ODE.

Board of governors, administration, fiscal and business include expenses associated with administrative and financial supervision of the Service Center. These expenses totaled \$1,752,015 or 14.6 percent of the total expenses of the Service Center. These expenses only increased \$515,895 as compared to 2007. The primary program increase in this area was an increase in administration expenses. The Service Center incurred additional administration expenses associated with the ODE grant programs.

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

<b>Program Expenses</b>	<b>Total Cost of Services 2008</b>	<b>Total Cost of Services 2007</b>	<b>Net Cost of Services 2008</b>	<b>Net Cost of Services 2007-Restated</b>
<i>Instruction</i>				
Regular	\$ 540,996	\$ 369,429	\$ (20,609)	\$ (113,595)
Special	2,998,717	2,904,473	(507,120)	(410,303)
Vocational	60,090	58,931	(9,522)	86,718
Adult/continuing	1,215	1,888	7	4,268
<i>Support services</i>				
Pupils	2,964,052	2,586,241	(471,012)	(849,694)
Instructional staff	3,204,321	2,284,496	(5,521)	(612,643)
Board of governors	69,199	55,669	(11,148)	(53,471)
Administration	1,332,565	846,333	177,704	523,819
Fiscal	307,573	270,605	(64,905)	(229,951)
Business	42,678	63,513	(7,863)	(60,435)
Operation and maintenance of plant	210,114	123,790	(51,692)	(118,953)
Central	226,744	248,083	(69,383)	(13,155)
Extracurricular Activities	12,696	19,638	(12,696)	(19,638)
Interest and fiscal charges	1,778	2,299	(1,778)	(2,299)
<b>Total expenses</b>	<b>\$ 11,972,738</b>	<b>\$ 9,835,388</b>	<b>\$ (1,055,538)</b>	<b>\$ (1,869,332)</b>

## *Summit County Educational Service Center*

### Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

The dependence upon general revenues for governmental activities is apparent, with 8.8 percent of expenses 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 were \$13,315,695 and expenditures were \$11,927,583, which would indicate that the Service Center was able to meet current costs.

The general fund balance increased during fiscal year 2008 by \$1,284,563, or 30.9%, as compared to 2007. The primary factor contributing to this increase was the Service Center was able to increase tuition and fees revenues while being able to maintain costs at prior year levels.

The educational regional service system special revenue was a new fund for fiscal year 2008. This is the fund established to account for the grant revenues from the ODE, primarily to support the expenses relating to staffing in order to carry-out the initiatives of the grants. Fund balance increased \$131,825 due to the timing differences of recognizing revenues and expenses using the modified basis of accounting.

The permanent improvements capital projects fund was also a new fund for fiscal year 2008. This fund was established to account for the receipt and expenditures of a lease-purchase agreement for HVAC improvements for heating and cooling to the Service Center's operational building. The fund balance increased \$1,231,224 as the proceeds of the lease-purchase agreement were received at year-end; however the project had not yet begun as of year-end.

#### **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 requests 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 significantly changed throughout the year. A review of the actual revenues, as compared to the final budgeted amounts, shows that resources received were comparable to the final anticipated amounts. However, the increase of the originally budgeted revenues to the final budgets was primarily caused by higher than expected member districts request for services. When original budgets are calculated, it's the Service Center's procedure to conservatively budget the amount of services to be requested by the member districts due to the fluctuations by each member district each year.

# Summit County Educational Service Center

## Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

Actual expenditures and other financing uses were significantly changed throughout the year. These differences are primarily caused by the budgeting procedures of the Service Center, similar to what was stated above. 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.

The Service Center's ending unobligated budgetary balance was \$640,890 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

At the end of fiscal year 2008, the Service Center had \$982,796 invested in capital assets. Table 4 reflects fiscal year 2008 balances compared to fiscal year 2007 amounts:

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

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Land	\$ 207,778	\$ 207,778
Furniture and equipment	181,184	212,756
Building and improvements	585,933	598,400
Vehicles	7,901	10,535
Total capital assets	<u>\$ 982,796</u>	<u>\$ 1,029,469</u>

Overall the value of capital assets decreased over the prior year due to the current year depreciation exceeding the current year asset additions. See Note 6 to the basic financial statements for details on the Service Center's capital assets.

### Debt

At year-end, the Service Center had only capitalized leases as outstanding long-term obligations. The lease obligations outstanding at year end totaled \$1,257,128. Lease balances consisted of four copiers scheduled to mature during fiscal year 2011 and a new lease-purchase agreement entered into during the current fiscal year, as previously discussed. See Note 11 to the basic financial statements for detail on the Service Center's long-term obligations.

## *Summit County Educational Service Center*

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

### **Current Issues**

Legislation has passed regarding management of regional services offered by the Ohio Department of Education. House Bill 115 established the Educational Regional Service System (ERSS). This system requires a coordinated, integrated and aligned system to support state and school district efforts to improve school effectiveness and student achievement. The system consists of sixteen regions. Each region has a fiscal agent. The selection of a fiscal agent was through a RFP (request for proposal) process. Fiscal Agents in each region have the responsibility of allocating resources to provide regional services and also assuring that the state-sponsored regional improvement initiatives are deployed according to Ohio Department of Education guidance. The Summit County Educational Service Center is the region 8 fiscal agent.

Fiscal year 2009 is the second year of the grant period. Since the inception of this regional system, we have seen the election of a new governor and appointment of a new state superintendent. These new viewpoints will likely affect the vision of the regional system. The Summit County Educational Service Center will work hard to ensure our districts are involved and benefit from any reorganization.

### **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 Educational 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, 2008**

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,483,283
Cash and Cash Equivalents with Escrow Agents	1,231,224
<u>Receivables:</u>	
Accounts	5,039
Intergovernmental	2,645,975
Materials and Supplies Inventory	4,592
Nondepreciable Capital Assets	207,778
Depreciable Capital Assets (Net)	775,018
<i>Total Assets</i>	<u>10,352,909</u>
 <u>Liabilities:</u>	
Accounts Payable	137,307
Accrued Wages	791,854
Intergovernmental Payable	175,463
Accrued Vacation Leave Payable	104,735
<u>Long-Term Liabilities:</u>	
Due Within One Year	96,920
Due In More Than One Year	1,351,908
<i>Total Liabilities</i>	<u>2,658,187</u>
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	956,526
<u>Restricted for:</u>	
Capital Projects	1,231,224
Other Purposes	633,032
Unrestricted	4,873,940
<i>Total Net Assets</i>	<u>\$ 7,694,722</u>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Revenue and
				Change in Net Assets
				Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 540,996	\$ 300,784	\$ 219,603	\$ (20,609)
Special	2,998,717	2,342,484	149,113	(507,120)
Vocational	60,090	50,568	-	(9,522)
Adult/Continuing	1,215	-	1,222	7
Support Services:				
Pupils	2,964,052	2,369,294	123,746	(471,012)
Instructional Staff	3,204,321	1,463,840	1,734,960	(5,521)
Board of Governors	69,199	58,051	-	(11,148)
Administration	1,332,565	523,350	986,919	177,704
Fiscal	307,573	225,858	16,810	(64,905)
Business	42,678	34,815	-	(7,863)
Operation and Maintenance of Plant	210,114	109,400	49,022	(51,692)
Central	226,744	157,361	-	(69,383)
Extracurricular Activities	12,696	-	-	(12,696)
Interest and Fiscal Charges	1,778	-	-	(1,778)
<i>Total Governmental Activities</i>	<u>\$ 11,972,738</u>	<u>\$ 7,635,805</u>	<u>\$ 3,281,395</u>	<u>(1,055,538)</u>
<u>General Revenues:</u>				
				2,302,630
Grants and Entitlements not Restricted to Specific Programs				228,370
Investment Earnings				49,115
Miscellaneous				
<i>Total General Revenues</i>				<u>2,580,115</u>
<i>Change in Net Assets</i>				1,524,577
<i>Net Assets Beginning of Year</i>				<u>6,170,145</u>
<i>Net Assets End of Year</i>				<u>\$ 7,694,722</u>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**

	General	Educational Regional Service System	Permanent Improvements	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 4,768,304	\$ 375,257	\$ -	\$ 339,722	\$ 5,483,283
Cash and Cash Equivalents with Escrow Agents	-	-	1,231,224	-	1,231,224
<u>Receivables:</u>					
Accounts	5,039	-	-	-	5,039
Interfund	1,006,939	-	-	-	1,006,939
Intergovernmental	1,488,720	954,824	-	202,431	2,645,975
Materials and Supplies Inventory	4,592	-	-	-	4,592
<i>Total Assets</i>	<u>\$ 7,273,594</u>	<u>\$ 1,330,081</u>	<u>\$ 1,231,224</u>	<u>\$ 542,153</u>	<u>\$ 10,377,052</u>
<u>Liabilities:</u>					
Accounts Payable	\$ 47,567	\$ -	\$ -	\$ 89,740	\$ 137,307
Accrued Wages	691,742	99,800	-	312	791,854
Interfund Payable	-	807,379	-	199,560	1,006,939
Intergovernmental Payable	159,460	15,952	-	51	175,463
Deferred Revenue	943,334	275,125	-	8,807	1,227,266
<i>Total Liabilities</i>	1,842,103	1,198,256	-	298,470	3,338,829
<u>Fund Balances:</u>					
Reserved for Encumbrances	130,629	369,040	-	78,003	577,672
<u>Unreserved:</u>					
Designated for budget stabilization	148,863	-	-	-	148,863
Designated for contingencies	250,000	-	-	-	250,000
<u>Undesignated, Reported in:</u>					
General Fund	4,901,999	-	-	-	4,901,999
Special Revenue Funds	-	(237,515)	-	165,680	(71,835)
Capital Project Funds	-	-	1,231,224	-	1,231,224
<i>Total Fund Balances</i>	<u>5,431,491</u>	<u>131,525</u>	<u>1,231,224</u>	<u>243,683</u>	<u>7,037,923</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 7,273,594</u>	<u>\$ 1,329,781</u>	<u>\$ 1,231,224</u>	<u>\$ 542,153</u>	<u>\$ 10,376,752</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, 2008**

<b>Total Governmental Fund Balances</b>		\$ 7,037,923
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		982,796
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Intergovernmental Revenue		1,227,266
Long-term and other liabilities that are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated Absences	\$ (191,700)	
Accrued Vacation Payable	(104,735)	
Capital Leases	<u>(1,257,128)</u>	
		<u>(1,553,563)</u>
<b>Net Assets of Governmental Activities</b>		<u><u>\$ 7,694,422</u></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, 2008**

	General	Educational Regional Service System	Permanent Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Intergovernmental	\$ 2,302,629	\$ 1,979,314	\$ -	\$ 1,010,193	\$ 5,292,136
Investment Income	228,004	-	366	-	228,370
Tuition and Fees	1,633,981	-	-	-	1,633,981
Charges for Services	6,047,382	7,956	-	2,000	6,057,338
Gifts and Donations	-	-	-	9,200	9,200
Miscellaneous	94,670	-	-	-	94,670
<i>Total Revenues</i>	<u>10,306,666</u>	<u>1,987,270</u>	<u>366</u>	<u>1,021,393</u>	<u>13,315,695</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	357,473	23,317	-	159,610	540,400
Special	2,781,499	62,602	-	144,291	2,988,392
Vocational	59,943	-	-	-	59,943
Adult/Continuing	-	-	-	1,215	1,215
Support Services:					
Pupils	2,847,724	52,866	-	48,900	2,949,490
Instructional Staff	1,709,143	1,032,014	-	452,882	3,194,039
Board of Governors	69,199	-	-	-	69,199
Administration	573,941	591,392	-	164,545	1,329,878
Fiscal	266,942	10,068	-	29,570	306,580
Business	38,642	-	-	-	38,642
Operation and Maintenance of Plant	116,587	62,186	-	-	178,773
Central	176,993	21,000	-	49,022	247,015
Extracurricular Activities	12,725	-	-	-	12,725
Debt Service:					
Principal Retirement	9,514	-	-	-	9,514
Interest and Fiscal Charges	1,778	-	-	-	1,778
<i>Total Expenditures</i>	<u>9,022,103</u>	<u>1,855,445</u>	<u>-</u>	<u>1,050,035</u>	<u>11,927,583</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,284,563</u>	<u>131,825</u>	<u>366</u>	<u>(28,642)</u>	<u>1,388,112</u>
<b>Other Financing Sources and Uses:</b>					
Proceeds From Lease-Purchase Agreement	-	-	1,230,858	-	1,230,858
<i>Net Change in Fund Balance</i>	<u>1,284,563</u>	<u>131,825</u>	<u>1,231,224</u>	<u>(28,642)</u>	<u>2,618,970</u>
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>4,146,928</u>	<u>-</u>	<u>-</u>	<u>272,325</u>	<u>4,419,253</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 5,431,491</u>	<u>\$ 131,825</u>	<u>\$ 1,231,224</u>	<u>\$ 243,683</u>	<u>\$ 7,038,223</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 to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**

**Net Change in Fund Balances - Total Governmental Funds** \$ 2,618,970

*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 those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by depreciation exceeded capital asset additions in the current period.

Capital Asset Additions	\$ 23,350	
Current Year Depreciation	<u>(70,023)</u>	(46,673)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Intergovernmental Revenue	181,620
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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.

9,514

Issuance of a lease-purchase agreement in the governmental funds increase long-term liabilities in the statement of net assets.

(1,230,858)

Some expenses reported in the statement of activities do not use current financial resources and therefore, are not reported as expenditures in governmental funds.

Decrease in compensated absences	18,354	
Increase in vacation benefits payable	<u>(26,350)</u>	<u>(7,996)</u>

**Change in Net Assets of Governmental Activities** \$ 1,524,577

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, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental	\$ 2,232,797	\$ 2,302,589	\$ 2,302,629	\$ 40
Investment Income	272,135	272,135	228,004	(44,131)
Tuition and Fees	1,033,254	1,166,491	1,218,035	51,544
Charges for Services	5,544,045	6,821,269	6,544,609	(276,660)
Miscellaneous	92,168	92,168	92,168	-
<i>Total Revenues</i>	<u>9,174,399</u>	<u>10,654,652</u>	<u>10,385,445</u>	<u>(269,207)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	503,656	363,565	356,250	7,315
Special	2,745,777	2,907,570	2,786,249	121,321
Vocational	56,286	61,833	59,862	1,971
<b>Support Services:</b>				
Pupils	2,697,718	3,072,652	2,832,966	239,686
Instructional Staff	1,754,865	1,853,948	1,732,558	121,390
Board of Governors	67,359	77,832	69,333	8,499
Administration	300,733	758,946	667,519	91,427
Fiscal	264,415	292,772	268,006	24,766
Business	54,254	61,600	47,159	14,441
Operation and Maintenance of Plant	213,406	232,436	168,796	63,640
Central	335,684	339,949	231,262	108,687
Extracurricular Activities	58,159	27,000	13,107	13,893
<i>Total Expenditures</i>	<u>9,052,312</u>	<u>10,050,103</u>	<u>9,233,067</u>	<u>817,036</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>122,087</u>	<u>604,549</u>	<u>1,152,378</u>	<u>547,829</u>
<b>Other Financing Sources (Uses):</b>				
Refund of Prior Year Expenditures	20,448	20,448	20,448	-
Advance In	15,854	15,854	15,854	-
Advance Out	(1,001,326)	(1,100,000)	(1,006,939)	93,061
<i>Total Other Financing Sources (Uses)</i>	<u>(965,024)</u>	<u>(1,063,698)</u>	<u>(970,637)</u>	<u>93,061</u>
<i>Net Change in Fund Balance</i>	<u>(842,937)</u>	<u>(459,149)</u>	<u>181,741</u>	<u>640,890</u>
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>4,148,610</u>	<u>4,148,610</u>	<u>4,148,610</u>	<u>-</u>
Prior Year Encumbrances Appropriated	259,764	259,764	259,764	-
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 3,565,437</u>	<u>\$ 3,949,225</u>	<u>\$ 4,590,115</u>	<u>\$ 640,890</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**  
**Educational Regional Service System Fund**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 2,145,004	\$ 2,538,731	\$ 1,299,615	\$ (1,239,116)
Charges for Services	35,218	7,940	7,956	16
<i>Total Revenues</i>	<u>2,180,222</u>	<u>2,546,671</u>	<u>1,307,571</u>	<u>(1,239,100)</u>
<u>Expenditures:</u>				
Current:				
Support Services:				
Pupils	184,109	87,581	44,226	43,355
Instructional Staff	1,413,375	1,651,436	1,352,252	299,184
Administration	474,834	714,400	619,001	95,399
Fiscal	19,522	10,068	10,068	-
Operation and Maintenance of Plant	48,476	62,186	62,186	-
Central	13,573	21,000	21,000	-
<i>Total Expenditures</i>	<u>2,153,889</u>	<u>2,546,671</u>	<u>2,108,733</u>	<u>437,938</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>26,333</u>	<u>-</u>	<u>(801,162)</u>	<u>(801,162)</u>
<u>Other Financing Sources (Uses):</u>				
Advance In	-	-	807,379	807,379
<i>Net Change in Fund Balance</i>	26,333	-	6,217	6,217
<i>Fund Balance (Deficit) at Beginning of Year</i>	-	-	-	-
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 26,333</u>	<u>\$ -</u>	<u>\$ 6,217</u>	<u>\$ 6,217</u>

See accompanying notes to the basic financial statements.

***Summit County Educational Service Center***  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2008**

	<u>Agency</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,768,821</u>
<u>Liabilities:</u>	
Accrued Wages	\$ 36,066
Accrued Vacation Leave Payable	69,939
Intergovernmental Payable	44,899
Undistributed Monies	<u>1,617,917</u>
<i>Total Liabilities</i>	<u>\$ 1,768,821</u>

See accompanying notes to the basic financial statements.

## *Notes to the Basic Financial Statements*

### **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, 2007 was 52,912. The Service Center employed 139 certificated employees and 125 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.

During the fiscal year the Service Center was associated with the Northeast Ohio Network for Educational Technology (NEOnet) and the Mid-Eastern Ohio Special Education Resource Center (MEO/SERRC), which is defined as jointly governed organizations. 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 these organizations is presented in Note 13.

### **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.

# *Summit County Educational Service Center*

## Implementation of New Accounting Policies

For the year ended 2008, the Service Center has implemented GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*”, GASB Statement No. 48, “*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*”, GASB Statement No. 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*”, and GASB Statement No. 50, “*Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27.*”

GASB Statement No. 45 provides guidance on all aspects of OPEB reporting by employers. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

GASB Statement No. 48 provides guidance on accounting for sales and pledges of receivables and future revenues. The Statement also requires governments to disclose in the notes to the financial statements the amount of future revenues that have been pledged or sold.

GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of GASB Statement No. 25, “*Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*”, and GASB Statement No. 27, “*Accounting for Pensions by State and Local Governmental Employers*”, to conform with requirements of GASB Statement No. 43, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”, and GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*”.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the Service Center.

### 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.



## *Notes to the Basic Financial Statements*

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 major funds are 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. The following are the Service Center's major governmental funds:

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.

Educational Regional Service System Special Revenue Fund – This fund is used to account resources used to support state and regional education initiatives and efforts to improve school effectiveness and student achievement.

Permanent Improvements Capital Projects Fund - The permanent improvement capital projects fund accounts for financial resources to be used for the acquisitions, construction, or improvement of major capital facilities.

## *Summit County Educational Service Center*

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.

### 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 being 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.

#### 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.

## *Notes to the Basic Financial Statements*

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

There are no budgetary requirements for Educational Service Centers identified in the Ohio Revised Code nor does the State Department of Education specify any budgetary guidelines to be followed. The Educational Service Center's Board does budget for resources estimated to be received during the fiscal year. The Educational Service Center's Board adopts an annual appropriation resolution, which is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the fund and special cost level within the General Fund and the fund level for all other funds. The Chief Fiscal Officer has been authorized to allocate appropriations to the function and object level within all funds.

Throughout the fiscal year, appropriations may be amended or supplemented as circumstances warrant. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts on the budgetary statements represent the final appropriation amounts passed by the Board during the fiscal year.

# *Summit County Educational Service Center*

## 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.

The Service Center has segregated bank accounts for monies held separately from the Service Center's central bank account. These depository accounts are presented on the financial statements as "cash and cash equivalents with escrow agents" since they are not required to be deposited into the Service Center treasury.

## G. Inventory

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

## H. 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.

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 one thousand dollars. 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.

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

<u>Description</u>	<u>Estimated Lives</u>
<i>Buildings and improvements</i>	<i>50 years</i>
<i>Furniture and equipment</i>	<i>3-20 years</i>
<i>Vehicles</i>	<i>3-5 years</i>

## *Notes to the Basic Financial Statements*

### I. 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.

### J. 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.

### K. 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 and special termination benefits 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 capital leases are recognized as a liability on the governmental fund financial statements when due.

### L. 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.

## *Summit County Educational Service Center*

### M. 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.

### N. 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.

### O. 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.

### P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in the nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

### **NOTE 3 - 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, are presented for the general fund and the educational regional service system special revenue fund are 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).

## *Notes to the Basic Financial Statements*

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the general fund and the educational regional service system special revenue fund:

	<i>Net Change In Fund Balance</i>	
	<i>General</i>	<i>Educational Regional Service System</i>
<i>GAAP Basis</i>	<u>\$ 1,284,563</u>	<u>\$ 131,825</u>
<i>Net Revenue Accruals</i>	115,081	127,680
<i>Net Expenditure Accruals</i>	(1,041,707)	115,752
<i>Encumbrances (Budget Basis), outstanding at year end</i>	<u>(176,196)</u>	<u>(369,040)</u>
<i>Budget Basis</i>	<u>\$ 181,741</u>	<u>\$ 6,217</u>

### **NOTE 4 - 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.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including 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 in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in 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;

## *Summit County Educational Service Center*

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.

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of Service Center cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions. The policies of the Service Center do not address custodial credit risk for deposits.

### A. Deposits:

At fiscal year-end, the carrying amount of the Service Center's deposits was \$4,862,104, and the bank balance was \$5,048,657. Of the bank balance, \$200,000 was covered by federal depository insurance. \$4,848,657 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Service Center's name. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Service Center to a successful claim by the FDIC.

### B. Funds Held In Escrow Account:

As of June 30, 2008, \$1,231,224 is held with an Escrow Account in the Service Center's name. These monies are held for the costs associated with a lease-purchase agreement for HVAC energy savings for heating and cooling, lighting and windows.

### C. Investments:

Interest Rate Risk- The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. It is the Service Center's policy to evaluate market conditions, interest rate forecasts, and cash flow requirements to consider the term of an investment, with the goal being to buy where relative value exists along the maturity spectrum.

Credit Risk- The Service Center's only investment during fiscal year 2008 was in an overnight repurchase account, with a year ending balance of \$2,390,000. This account is not rated by Standard & Poor's or Moody's Investors Service, because underlying securities are exempt.



## *Notes to the Basic Financial Statements*

Concentration of Credit Risk- The Service Center investment policy is to be diversified in its holdings of investments by avoiding concentrations of specific users. During the year, the Service Center's only investment was in an overnight repurchase account. These investments were secured with pledged collateral, held and in the name of the pledging institution, in which the investments are held.

Interest is legally required to be placed in the general fund. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$228,004, which includes \$71,043 assigned from other Service Center funds.

### **NOTE 5 – RECEIVABLES**

Receivables at year-end consisted of intergovernmental (grants and entitlements and charges for services provided to other governments), accounts and interfund. 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:

	<i>Governmental Activities</i>
<i>Preschool excess costs</i>	<u>\$ 1,223,840</u>
<i>Service provided to others</i>	264,880
<i>Grants</i>	<u>1,157,255</u>
<i>Total Intergovernmental Receivable</i>	<u><u>\$ 2,645,975</u></u>

# Summit County Educational Service Center

## NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2008</u>
<i>Capital assets, not being depreciated</i>				
<i>Land</i>	\$ 207,778	\$ -	\$ -	\$ 207,778
<i>Capital assets, being depreciated</i>				
<i>Furniture and equipment</i>	700,123	23,350	-	723,473
<i>Building and improvements</i>	623,334	-	-	623,334
<i>Vehicles</i>	31,376	-	-	31,376
<i>Total capital assets, being     depreciated</i>	<u>1,354,833</u>	<u>23,350</u>	<u>-</u>	<u>1,378,183</u>
<i>Less: Accumulated depreciation</i>				
<i>Furniture and equipment</i>	(487,367)	(54,922)	-	(542,289)
<i>Building and improvements</i>	(24,934)	(12,467)	-	(37,401)
<i>Vehicles</i>	(20,841)	(2,634)	-	(23,475)
<i>Total accumulated depreciation</i>	<u>(533,142)</u>	<u>(70,023)</u>	<u>-</u>	<u>(603,165)</u>
<i>Total capital assets being     depreciated, net</i>	<u>821,691</u>	<u>(46,673)</u>	<u>-</u>	<u>775,018</u>
<i>Governmental activities capital     assets, net</i>	<u>\$ 1,029,469</u>	<u>\$ (46,673)</u>	<u>\$ -</u>	<u>\$ 982,796</u>

Depreciation expense was charged to governmental functions as follows:

	<u>Amount</u>
<i>Instruction:</i>	
<i>Regular</i>	\$ 337
<i>Special</i>	7,297
<i>Support services:</i>	
<i>Instructional staff</i>	7,774
<i>Administrative</i>	9,797
<i>Fiscal</i>	1,439
<i>Business</i>	2,634
<i>Operation and maintenance of plant</i>	40,640
<i>Central</i>	105
<i>Total depreciation expense</i>	<u>\$ 70,023</u>

## *Notes to the Basic Financial Statements*

### **NOTE 7 - INTERFUND TRANSACTIONS**

Interfund balances consisted of the following at June 30, 2008, as reported on the fund financial statements:

	<i>Interfund Receivable</i>	<i>Interfund Payable</i>
<i>General fund</i>	\$ 1,006,939	\$ -
<i>Educational Region Service System</i>	-	807,379
<i>Other nonmajor governmental funds</i>	-	199,560
	<u>\$ 1,006,939</u>	<u>\$ 1,006,939</u>

All balances resulted from the time lag between the dates that (1) interfund services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made.

### **NOTE 8 - 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.

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.

## *Summit County Educational Service Center*

### **NOTE 9 - 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, disability and survivor 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 can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at [www.ohsers.org](http://www.ohsers.org) under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the Service Center is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS’ Retirement Board. The Service Center’s contributions to SERS for the years ended June 30, 2008, 2007 and 2006 were \$331,414, \$298,919 and \$271,988, respectively; 99.5 percent has been contributed for fiscal year 2008 and 100 percent for the fiscal years 2007 and 2006.

#### B. State Teachers Retirement System

The Service Center participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of 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.

## *Notes to the Basic Financial Statements*

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The Service Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007 (the latest information available), the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions.

The Service Center's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2008, 2007 and 2006 were \$711,627, \$640,370 and \$571,705, respectively; 98 percent has been contributed for fiscal year 2008 and 100 percent for the fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$5,219 made by the School Service Center and \$85,757 made by the plan members.

### **NOTE 10 - POSTEMPLOYMENT BENEFITS**

The School Service Center provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio ("STRS Ohio"), and to retired non-certified employees and their dependents through the School Employees Retirement System ("SERS"). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. The Service Center's contributions for fiscal years ended June 30, 2008, 2007 and 2006 were \$54,741, \$49,259 and \$43,977, respectively.

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

In addition to a cost-sharing multiple-employer defined benefit pension plan, SERS administers two postemployment benefit plans, the Medicare Part B Plan and the Health Care Plan. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2007 was \$93.50; SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007 (the latest information available), the actuarially required allocation was .68 percent. The Service Center's contributions for the year ended June 30, 2008 were \$22,536, which equaled the required contributions for the year.

## Summit County Educational Service Center

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2007, the health care allocation was 3.32 percent. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation (the latest information available), was 11.50 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The Service Center's contributions for the years ended June 30, 2008, 2007 and 2006 were \$110,029, \$161,463 and \$146,916, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$35,800.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Forms and Publications.

### **NOTE 11 - LONG TERM OBLIGATIONS**

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

	<i>Balance July 1</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30</i>	<i>Amount due Due Within One Year</i>
<i>Governmental Activities:</i>					
<i>Compensated Absences</i>	\$ 210,054	\$ 31,072	\$ (49,426)	\$ 191,700	\$ 25,702
<i>Capital Leases</i>	35,784	1,230,858	(9,514)	1,257,128	71,218
<i>Total long term liabilities</i>	<u>\$ 245,838</u>	<u>\$ 1,261,930</u>	<u>\$ (58,940)</u>	<u>\$ 1,448,828</u>	<u>\$ 96,920</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 and permanent improvement fund.

## *Notes to the Basic Financial Statements*

### **NOTE 12 - 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. In fiscal year 2008, the Service Center entered into a lease-purchase agreement for HVAC improvements for heating and cooling. 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 \$49,087; 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. The new lease, entered into at year end, will be capitalized in fiscal year 2009 when the project begins. Funds are currently held in an escrow account in the Service Center's name.

Principal payments in the current fiscal year totaled \$9,514. 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 as of June 30, 2008:

<i>Year</i>	<i>Amount</i>
2009	\$ 122,540
2010	122,539
2011	116,893
2012	111,247
2013	111,247
2014-2018	556,237
2019-2023	556,235
<i>Total payments</i>	<u>1,696,938</u>
<i>Less amount representing interest</i>	<u>(439,810)</u>
<i>Present value of minimum lease payments</i>	<u><u>\$ 1,257,128</u></u>

### **NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS**

#### A. Northeast Ohio Network for Educational Technology (NEOnet)

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 school 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 made no significant contributions to NEOnet. As of June 30, 2008, the Service Center's fiscal agent agreement with NEOnet expired.

## *Summit County Educational Service Center*

### B. Mid-Eastern Ohio Special Education Resource Center (MEO/SERRC)

MEO/SERCC is a network with a mission to improve the achievement of children and youths with disabilities by assisting educators and families in the development and delivery of specially designed instructions that is aligned with Ohio's academic and educational content standards. MEO/SERRC also assists school districts and agencies in complying with federal and state laws and regulations to ensure the full participation of children and youth with disabilities in the school community. MEO/SERRC resources are targeted to promote systems change, build capacity and improve outcomes for these targeted students. A board made up of superintendents from all of the participating school districts governs MEO/SERCC. The Summit County Educational Service Center acts as the fiscal agent for MEO/SERRC.

The Service Center does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to MEO/SERCC are made from the general fund. During the current fiscal year the Service Center made no significant contributions to MEO/SERRC.

As of June 30, 2008, MEO/SERRC, as did all Special Education Resource Centers in Ohio, was dissolved. As a result, the Service Center's fiscal agent agreement with MEO/SERRC was terminated.

### **NOTE 14 – CONTINGENCIES**

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

### **NOTE 15 - FUND DEFICITS**

As of June 30, 2008, the miscellaneous grants special revenue fund had a deficit fund balance of \$3,301. These deficits were caused by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur.



*Combining Statements for  
Nonmajor Governmental Funds  
and  
Individual Fund Schedules for  
Governmental Funds*

## **Combining Statements – Nonmajor Funds**

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### **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.

#### SchoolNet Professional Development

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

#### Dual Credit Grant

To account for activities established under House Bill 119, ALI 200-536 for the purpose of increasing the number of high school students earning or dual credit in the high school setting and to build statewide capacity to deliver high quality coursework and instruction in mathematics, science, and foreign language.

Miscellaneous State Grants

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

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 - This fund accounts for Federal monies received to encourage and help fund smaller classroom size and additional staffing needs.

**Summit County Educational Service Center**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2008**

	Other Local	Miscellaneous Local Grants	Management Informatin System	Public School Preschool
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 118,031	\$ 36,692	\$ -	\$ 1,518
Receivables:				
Intergovernmental	-	-	-	13,230
<i>Total Assets</i>	<u>\$ 118,031</u>	<u>\$ 36,692</u>	<u>-</u>	<u>\$ 14,748</u>
<u>Liabilities:</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Wages	-	-	-	-
Interfund Payable	-	-	-	8,075
Intergovernmental Payable	-	-	-	-
Accrued Vacation Leave Payable	-	-	-	-
Deferred Revenue	-	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,075</u>
<u>Fund Balance:</u>				
Reserved for Encumbrances	-	-	-	1,516
Unreserved, Undesignated, Reported in Special Revenue Funds	118,031	36,692	-	5,157
<i>Total Fund Balances (Deficit)</i>	<u>118,031</u>	<u>36,692</u>	<u>-</u>	<u>6,673</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 118,031</u>	<u>\$ 36,692</u>	<u>\$ -</u>	<u>\$ 14,748</u>

Entry Year Program	SchoolNet Professional Development	Dual Credit Grant	Miscellaneous State Grants	EHA Preschool Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 41,789	\$ 2,578	\$ 117,859	\$ 6,978	\$ 1,413	\$ 12,864	\$ 339,722
-	-	173,251	8,807	7,143	-	202,431
<u>\$ 41,789</u>	<u>\$ 2,578</u>	<u>\$ 291,110</u>	<u>\$ 15,785</u>	<u>\$ 8,556</u>	<u>\$ 12,864</u>	<u>\$ 542,153</u>
\$ 23,591	\$ -	\$ 65,704	\$ -	\$ 445	\$ -	\$ 89,740
312	-	-	-	-	-	312
-	-	163,770	10,279	4,572	12,864	199,560
51	-	-	-	-	-	51
-	-	-	-	-	-	-
-	-	-	8,807	-	-	8,807
<u>23,954</u>	<u>-</u>	<u>229,474</u>	<u>19,086</u>	<u>5,017</u>	<u>12,864</u>	<u>298,470</u>
11,401	-	50,641	612	969	12,864	78,003
6,434	2,578	10,995	(3,913)	2,570	(12,864)	165,680
<u>17,835</u>	<u>2,578</u>	<u>61,636</u>	<u>(3,301)</u>	<u>3,539</u>	<u>-</u>	<u>243,683</u>
<u>\$ 41,789</u>	<u>\$ 2,578</u>	<u>\$ 291,110</u>	<u>\$ 15,785</u>	<u>\$ 8,556</u>	<u>\$ 12,864</u>	<u>\$ 542,153</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, 2008**

	Other Local	Miscellaneous Local Grants	Management Information Systems	Public School Preschool
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 3,000	\$ 144,623
Charges for Services	2,000	-	-	-
Gifts and Donations	-	9,200	-	-
Total Revenues	<u>2,000</u>	<u>9,200</u>	<u>3,000</u>	<u>144,623</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	-	-
Special	45	-	-	89,599
Adult/Continuing	-	-	-	-
Support Services:				
Pupils	-	-	-	48,900
Instructional Staff	1,000	-	-	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Central	-	-	3,000	-
Total Expenditures	<u>1,045</u>	<u>-</u>	<u>3,000</u>	<u>138,499</u>
<i>Net Change in Fund Balances</i>	955	9,200	-	6,124
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>117,076</u>	<u>27,492</u>	<u>-</u>	<u>549</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 118,031</u>	<u>\$ 36,692</u>	<u>\$ -</u>	<u>\$ 6,673</u>

Entry Year Program	SchoolNet Professional Development	Dual Credit Grant	Miscellaneous State Grants	EHA Preschool Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 467,335	\$ 2,070	\$ 225,000	\$ 75,351	\$ 46,792	\$ 46,022	\$ 1,010,193
-	-	-	-	-	-	2,000
-	-	-	-	-	-	9,200
<u>467,335</u>	<u>2,070</u>	<u>225,000</u>	<u>75,351</u>	<u>46,792</u>	<u>46,022</u>	<u>1,021,393</u>
-	-	146,639	12,971	-	-	159,610
11,028	-	-	-	43,619	-	144,291
1,215	-	-	-	-	-	1,215
-	-	-	-	-	-	48,900
306,608	1,601	84,266	59,407	-	-	452,882
141,311	-	20,000	3,234	-	-	164,545
10,780	-	15,750	3,040	-	-	29,570
-	-	-	-	-	46,022	49,022
<u>470,942</u>	<u>1,601</u>	<u>266,655</u>	<u>78,652</u>	<u>43,619</u>	<u>46,022</u>	<u>1,050,035</u>
(3,607)	469	(41,655)	(3,301)	3,173	-	(28,642)
<u>21,442</u>	<u>2,109</u>	<u>103,291</u>	<u>-</u>	<u>366</u>	<u>-</u>	<u>272,325</u>
<u>\$ 17,835</u>	<u>\$ 2,578</u>	<u>\$ 61,636</u>	<u>\$ (3,301)</u>	<u>\$ 3,539</u>	<u>\$ -</u>	<u>\$ 243,683</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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,302,589	\$ 2,302,629	\$ 40
Interest	272,135	228,004	(44,131)
Tuition and Fees	1,166,491	1,218,035	51,544
Charges for Services	6,821,269	6,544,609	(276,660)
Miscellaneous	92,168	92,168	-
Total Revenues	<u>10,654,652</u>	<u>10,385,445</u>	<u>(269,207)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	308,787	305,420	3,367
Fringe Benefits	49,865	48,982	883
Purchased Services	688	348	340
Materials and Supplies	4,225	1,500	2,725
Total Regular	<u>363,565</u>	<u>356,250</u>	<u>7,315</u>
Special:			
Salaries and Wages	2,130,442	2,110,610	19,832
Fringe Benefits	689,320	597,861	91,459
Purchased Services	66,149	56,125	10,024
Materials and Supplies	21,659	21,653	6
Total Special	<u>2,907,570</u>	<u>2,786,249</u>	<u>121,321</u>
Vocational:			
Salaries and Wages	43,806	43,593	213
Fringe Benefits	18,027	16,269	1,758
Total Vocational	<u>61,833</u>	<u>59,862</u>	<u>1,971</u>
Total Instruction	<u>3,332,968</u>	<u>3,202,361</u>	<u>130,607</u>
Support Services:			
Pupils:			
Salaries and Wages	2,015,741	2,002,876	12,865
Fringe Benefits	589,873	542,489	47,384
Purchased Services	452,131	272,957	179,174
Materials and Supplies	14,907	14,644	263
Total Pupils	<u>3,072,652</u>	<u>2,832,966</u>	<u>239,686</u>

(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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Instructional Staff:</b>			
Salaries and Wages	1,291,765	1,284,959	6,806
Fringe Benefits	366,062	315,026	51,036
Purchased Services	168,922	107,744	61,178
Materials and Supplies	9,514	8,265	1,249
Other	7,185	6,993	192
Capital Outlay	10,500	9,571	929
<b>Total Instructional Staff</b>	<b>1,853,948</b>	<b>1,732,558</b>	<b>121,390</b>
<b>Board of Governors:</b>			
Salaries and Wages	9,000	8,875	125
Fringe Benefits	3,721	1,413	2,308
Purchased Services	13,777	10,107	3,670
Materials and Supplies	800	578	222
Other	50,534	48,360	2,174
<b>Total Board of Governors</b>	<b>77,832</b>	<b>69,333</b>	<b>8,499</b>
<b>Administration:</b>			
Salaries and Wages	243,850	237,483	6,367
Fringe Benefits	82,726	73,835	8,891
Purchased Services	422,370	346,939	75,431
Materials and Supplies	2,900	2,221	679
Other	7,100	7,041	59
<b>Total Administration</b>	<b>758,946</b>	<b>667,519</b>	<b>91,427</b>
<b>Fiscal:</b>			
Salaries and Wages	166,000	165,435	565
Fringe Benefits	68,268	59,503	8,765
Purchased Services	4,835	3,879	956
Materials and Supplies	2,200	1,358	842
Other	51,469	37,831	13,638
<b>Total Fiscal</b>	<b>292,772</b>	<b>268,006</b>	<b>24,766</b>
<b>Business:</b>			
Salaries and Wages	11,808	5,592	6,216
Fringe Benefits	2,231	950	1,281
Purchased Services	11,814	9,443	2,371
Materials and Supplies	35,747	31,174	4,573
<b>Total Business</b>	<b>61,600</b>	<b>47,159</b>	<b>14,441</b>

(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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operation and Maintenance of Plant:			
Salaries and Wages	26,000	24,855	1,145
Fringe Benefits	4,225	3,957	268
Purchased Services	142,372	85,064	57,308
Materials and Supplies	29,477	25,031	4,446
Capital Outlay	30,362	29,889	473
Total Operation and Maintenance of Plant	<u>232,436</u>	<u>168,796</u>	<u>63,640</u>
Central:			
Salaries and Wages	111,500	110,968	532
Fringe Benefits	35,527	31,489	4,038
Purchased Services	191,886	87,890	103,996
Materials and Supplies	1,036	915	121
Total Central	<u>339,949</u>	<u>231,262</u>	<u>108,687</u>
Total Support Services	<u>6,690,135</u>	<u>6,017,599</u>	<u>672,536</u>
Extracurricular Activities:			
Salaries and Wages	11,000	10,619	381
Purchased Services	16,000	2,488	13,512
Total Extracurricular Activities	<u>27,000</u>	<u>13,107</u>	<u>13,893</u>
Total Expenditures	<u>10,050,103</u>	<u>9,233,067</u>	<u>817,036</u>
Excess of Revenues Over (Under) Expenditures	<u>604,549</u>	<u>1,152,378</u>	<u>547,829</u>
<u>Other Financing Sources (Uses):</u>			
Advances In	15,854	15,854	-
Refund of Prior Year Expenditures	20,448	20,448	-
Advances Out	(1,100,000)	(1,006,939)	93,061
Total Other Financing Sources (Uses)	<u>(1,063,698)</u>	<u>(970,637)</u>	<u>93,061</u>
<i>Net Change in Fund Balance</i>	(459,149)	181,741	640,890
<i>Fund Balance (Deficit) at Beginning of Year</i>	4,148,621	4,148,621	-
<i>Prior Year Encumbrances Appropriated</i>	259,764	259,764	-
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 3,949,236</u>	<u>\$ 4,590,126</u>	<u>\$ 640,890</u>

**Summit County Educational Service Center**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual**  
**Educational Regional Service System**  
**For the Fiscal Year Ended June 30, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,538,584	\$ 1,299,615	\$ (1,238,969)
Customer Sales and Services	7,940	7,956	16
<b>Total Revenues</b>	<b>2,546,524</b>	<b>1,307,571</b>	<b>(1,238,953)</b>
<u>Expenditures:</u>			
Current:			
Support Services:			
Pupils			
Salaries	3,727	-	3,727
Fringe Benefits	708	-	708
Purchased Services	61,886	25,113	36,773
Materials and Supplies	21,260	19,113	2,147
<b>Total - Pupils</b>	<b>87,581</b>	<b>44,226</b>	<b>43,355</b>
Instructional Staff:			
Salaries	502,115	386,029	116,086
Fringe Benefits	153,971	110,444	43,527
Purchased Services	727,015	588,379	138,636
Materials and Supplies	205,891	204,956	935
Capital Outlay	62,444	62,444	-
<b>Total - Instructional Staff</b>	<b>1,651,436</b>	<b>1,352,252</b>	<b>299,184</b>
Administration:			
Salaries	340,827	267,532	73,295
Fringe Benefits	93,906	72,167	21,739
Purchased Services	123,071	122,706	365
Materials and Supplies	418	418	-
Other	148,850	148,850	-
Capital Outlay	7,328	7,328	-
<b>Total - Administration</b>	<b>714,400</b>	<b>619,001</b>	<b>95,399</b>
Fiscal:			
Other	10,068	10,068	-
<b>Total - Fiscal</b>	<b>10,068</b>	<b>10,068</b>	<b>-</b>
Operation and Maintenance of Plant			
Purchased Services	62,186	62,186	-
<b>Total - Operation and Maintenance of Plant</b>	<b>62,186</b>	<b>62,186</b>	<b>-</b>

(continued)

***Summit County Educational Service Center***  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual**  
**Educational Regional Service System**  
**For the Fiscal Year Ended June 30, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Central			
Other	21,000	21,000	-
Total - Other	<u>21,000</u>	<u>21,000</u>	<u>-</u>
 Total - Support Services:	 <u>2,546,671</u>	 <u>2,108,733</u>	 <u>437,938</u>
 Total Expenditures	 <u>2,546,671</u>	 <u>2,108,733</u>	 <u>437,938</u>
 <i>Excess of Revenues Over (Under) Expenditures</i>	 <u>(147)</u>	 <u>(801,162)</u>	 <u>(801,015)</u>
 Advances In	 <u>-</u>	 <u>807,379</u>	 <u>807,379</u>
 <i>Net Change in Fund Balance</i>	 <u>(147)</u>	 <u>6,217</u>	 <u>6,364</u>
 <i>Fund Balance (Deficit) at Beginning of Year</i>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 <i>Fund Balance (Deficit) at End of Year</i>	 <u>\$ (147)</u>	 <u>\$ 6,217</u>	 <u>\$ 6,364</u>

***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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Customer Sales and Services	\$ 2,000	\$ 2,000	\$ -
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Purchased Services	414	45	369
Support Services:			
Instructional Staff:			
Purchased Services	5,000	1,000	4,000
Central:			
Purchased Services	104,490	-	104,490
Materials and Supplies	7	-	7
Capital Outlay	9,166	-	9,166
Total - Central	<u>113,663</u>	<u>-</u>	<u>113,663</u>
Total - Support Services	<u>118,663</u>	<u>1,000</u>	<u>117,663</u>
Total Expenditures	<u>119,077</u>	<u>1,045</u>	<u>118,032</u>
<i>Net Change in Fund Balance</i>	(117,077)	955	118,032
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>117,077</u>	<u>117,077</u>	<u>-</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ -</u>	<u>\$ 118,032</u>	<u>\$ 118,032</u>

***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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Gifts and Donations	\$ 7,000	\$ 9,200	\$ 2,200
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Materials and Supplies	7,740	-	7,740
Support Services:			
Instructional Staff:			
Purchased Services	19,932	-	19,932
Materials and Supplies	6,822	-	6,822
Total Instructional Staff	26,754	-	26,754
Total Expenditures	34,494	-	34,494
<i>Net Change in Fund Balance</i>	(27,494)	9,200	36,694
<i>Fund Balance (Deficit) Beginning of Year</i>	25,894	25,894	-
<i>Prior Year Encumbrances Appropriated</i>	1,600	1,600	-
<i>Fund Balance (Deficit) at End of Year</i>	\$ -	\$ 36,694	\$ 36,694

***Summit County Educational Service Center***  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual**  
**Management Information System Fund**  
**For the Fiscal Year Ended June 30, 2008**

	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	-
Total Expenditures	3,000	3,000	-
<i>Net Change in Fund Balance</i>	-	-	-
<i>Fund Balance (Deficit) Beginning of Year</i>	-	-	-
<i>Fund Balance (Deficit) at End of Year</i>	\$ -	\$ -	\$ -



***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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 154,831	\$ 141,601	(13,230)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special			
Salaries and Wages	81,195	77,568	3,627
Fringe Benefits	13,512	11,984	1,528
Materials and Supplies	2,114	2,114	-
	<u>96,821</u>	<u>91,666</u>	<u>5,155</u>
Support Services:			
Pupils:			
Purchased Services	48,900	48,900	-
Total Expenditures	<u>145,721</u>	<u>140,566</u>	<u>5,155</u>
Excess of Revenues Over (Under) Expenditures	<u>9,110</u>	<u>1,035</u>	<u>(8,075)</u>
<u>Other Financing Sources and (Uses):</u>			
Advances In	-	8,075	8,075
Advances Out	(10,208)	(10,208)	-
Total Other Financing Sources and (Uses):	<u>(10,208)</u>	<u>(2,133)</u>	<u>8,075</u>
<i>Net Change in Fund Balance</i>	(1,098)	(1,098)	(1)
<i>Fund Balance (Deficit) Beginning of Year</i>	-	-	-
<i>Prior Year Encumbrances Appropriated</i>	<u>1,098</u>	<u>1,098</u>	<u>-</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 473,735	\$ 473,735	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Adult/Continuing:			
Purchased Services	2,090	1,432	658
Support Services:			
Instructional Staff:			
Salaries	5,080	5,080	-
Fringe Benefits	1,071	1,071	-
Purchased Services	276,892	276,892	-
Materials and Supplies	33,170	33,170	-
Total Instructional Staff	316,213	316,213	-
Administration:			
Salaries	111,872	106,823	5,049
Fringe Benefits	17,686	16,882	804
Purchased Services	15,635	15,347	288
Materials and Supplies	4,212	4,212	-
Total Administration	149,405	143,264	6,141
Fiscal:			
Purchased Services	10,500	10,500	-
Other	280	280	-
Total Fiscal	10,780	10,780	-
Total Support Services:	476,398	470,257	6,141
Total Expenditures	478,488	471,689	6,799
Excess of Revenues Over (Under) Expenditures	(4,753)	2,046	6,799
<u>Other Financing Sources and (Uses):</u>			
Advances Out	(3,970)	(3,970)	-
Refund of Prior Year Receipts	(11,028)	(11,028)	-
Total Other Financing Sources and Uses	(14,998)	(14,998)	-
<i>Net Change in Fund Balance</i>	(19,751)	(12,952)	6,799
<i>Fund Balance (Deficit) Beginning of Year</i>	15,613	15,613	-
<i>Prior Year Encumbrances Appropriated</i>	4,138	4,138	-
<i>Fund Balance (Deficit) at End of Year</i>	\$ -	\$ 6,799	\$ 6,799

***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, 2008**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,070	\$ 2,070	\$ -
<u>Expenditures:</u>			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	2,109	1,601	508
Total Expenditures	2,109	1,601	508
<i>Net Change in Fund Balance</i>	(39)	469	508
<i>Fund Balance (Deficit) Beginning of Year</i>	1,484	1,484	-
<i>Prior Year Encumbrances Appropriated</i>	625	625	-
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 2,070</u>	<u>\$ 2,578</u>	<u>\$ 508</u>

***Summit County Educational Service Center***  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual**  
**Dual Credit Grant**  
**For the Fiscal Year Ended June 30, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 225,000	\$ 51,749	\$ (173,251)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages			-
Purchased Services	241,604	240,479	1,125
Materials and Supplies	23,891	14,529	9,362
Capital Outlay	2,946	2,946	-
	<u>268,441</u>	<u>257,954</u>	<u>10,487</u>
Support Services:			
Instructional Staff:			
Purchased Services	34,979	34,471	508
Materials and Supplies	2,700	2,700	-
Total Pupils	<u>37,679</u>	<u>37,171</u>	<u>508</u>
Administration:			
Purchased Services	20,000	20,000	-
Fiscal:			
Other	15,750	15,750	-
Total Expenditures	<u>341,870</u>	<u>330,875</u>	<u>10,995</u>
Excess of Revenues Over (Under) Expenditures	<u>(116,870)</u>	<u>(279,126)</u>	<u>(162,256)</u>
<u>Other Financing Sources and (Uses):</u>			
Advances In	-	163,770	163,770
Total Other Financing Sources and Uses	<u>-</u>	<u>163,770</u>	<u>163,770</u>
<i>Net Change in Fund Balance</i>	(116,870)	(115,356)	1,514
<i>Fund Balance (Deficit) Beginning of Year</i>	(1)	(1)	-
<i>Prior Year Encumbrances Appropriated</i>	116,871	116,871	-
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ -</u>	<u>\$ 1,514</u>	<u>\$ 1,514</u>

***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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 87,140	\$ 75,351	\$ (11,789)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased Services	16,306	13,143	3,163
Support Services:			
Support Services:			
Instructional Staff:			
Purchased Services	52,794	52,494	300
Materials and Supplies	7,500	7,353	147
Total - Instructional Staff	60,294	59,847	447
Administration:			
Purchased Services	5,500	3,081	2,419
Materials and Supplies	2,000	153	1,847
Total Administration	7,500	3,234	4,266
Fiscal:			
Purchased Services	540	540	-
Other	2,500	2,500	-
Total Fiscal	3,040	3,040	-
Total Support Services	70,834	66,121	4,713
Total Expenditures	87,140	79,264	7,876
Excess of Revenues Over (Under) Expenditures	-	(3,913)	(3,913)
<u>Other Financing Sources and (Uses):</u>			
Advances In	-	10,279	10,279
Total Other Financing Sources and Uses	-	10,279	10,279
<i>Net Change in Fund Balance</i>	-	6,366	6,366
<i>Fund Balance (Deficit) Beginning of Year</i>	-	-	-
<i>Fund Balance (Deficit) at End of Year</i>	\$ -	\$ 6,366	\$ 6,366

**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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 48,468	\$ 41,325	\$ (7,143)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special			
Salaries and Wages	33,784	31,963	1,821
Fringe Benefits	5,623	4,939	684
Materials and Supplies	6,110	1,875	4,235
Purchased Services	1,875	6,044	(4,169)
Total Special	<u>47,392</u>	<u>44,821</u>	<u>2,571</u>
Total Expenditures	<u>47,392</u>	<u>44,821</u>	<u>2,571</u>
Excess of Revenues Over (Under) Expenditures	<u>1,076</u>	<u>(3,496)</u>	<u>(4,572)</u>
<u>Other Financing Sources and (Uses):</u>			
Advances In	-	4,572	4,572
Advances Out	<u>(1,676)</u>	<u>(1,676)</u>	<u>-</u>
Total Other Financing Sources and (Uses):	<u>(1,676)</u>	<u>2,896</u>	<u>4,572</u>
<i>Net Change in Fund Balance</i>	(600)	(600)	0
<i>Fund Balance (Deficit) Beginning of Year</i>	-	-	-
<i>Prior Year Encumbrances Appropriated</i>	<u>600</u>	<u>600</u>	<u>-</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***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, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 384,024	\$ 46,022	\$ (338,002)
<u>Expenditures:</u>			
Current:			
Support Services:			
Support Services:			
Instructional Staff:			
Salaries and Wages	22,825	-	22,825
Fringe Benefits	3,880	-	3,880
Purchased Services	252,210	12,864	239,346
Materials and Supplies	12,900	-	12,900
Total - Instructional Staff	<u>291,815</u>	<u>12,864</u>	<u>278,951</u>
Fiscal:			
Purchased Services	<u>18,187</u>	<u>-</u>	<u>18,187</u>
Central:			
Salaries and Wages	46,022	46,022	-
Purchased Services	28,000	-	28,000
Total - Central	<u>74,022</u>	<u>46,022</u>	<u>28,000</u>
Total Support Services	<u>384,024</u>	<u>58,886</u>	<u>325,138</u>
Total Expenditures	<u>384,024</u>	<u>58,886</u>	<u>325,138</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>(12,864)</u>	<u>(12,864)</u>
<u>Other Financing Sources and (Uses):</u>			
Advances In	<u>-</u>	<u>12,864</u>	<u>12,864</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>12,864</u>	<u>12,864</u>
<i>Net Change in Fund Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***Summit County Educational Service Center***  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual**  
**Permanent Improvements**  
**For the Fiscal Year Ended June 30, 2008**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Investment Income	\$ -	\$ 366	\$ 366
Total Revenues	-	366	366
Excess of Revenues Over (Under) Expenditures	-	366	366
<u>Other Financing Sources and (Uses):</u>			
Proceeds From Lease-Purchase Agreement	-	1,230,858	1,230,858
Total Other Financing Sources and Uses	-	1,230,858	1,230,858
<i>Net Change in Fund Balance</i>	-	1,231,224	1,231,224
<i>Fund Balance (Deficit) Beginning of Year</i>	-	-	-
<i>Fund Balance (Deficit) at End of Year</i>	\$ -	\$ 1,231,224	\$ 1,231,224



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## **Combining Statements Agency Funds**

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Agency funds are used to account for assets held by the Service Center as an agent for individuals, private organizations, and other governments. A description of the Service Center's agency funds follows:

### 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.

### MEO/SERRC

To account for the funds associated with the Special Education Regional Resource Center. This is a fiscal agent agreement through the Ohio Department of Education.

### 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 Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2008**

	Service Center Agency	MEO/SERCC	NEOnet	Employee Benefits	Total Agency Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 112,164	\$ 57,783	\$ 1,572,413	\$ 26,461	\$ 1,768,821
Intergovernmental Receivable	-	-	-	-	-
<i>Total Assets</i>	<u>\$ 112,164</u>	<u>\$ 57,783</u>	<u>\$ 1,572,413</u>	<u>\$ 26,461</u>	<u>\$ 1,768,821</u>
 <u>Liabilities:</u>					
Accrued Wages	\$ -	\$ -	\$ 36,066	\$ -	\$ 36,066
Accrued Vacation Leave Payable	-	-	69,939	-	69,939
Intergovernmental Payable	-	-	18,438	26,461	44,899
Undistributed Monies	112,164	57,783	1,447,970	-	1,617,917
<i>Total Liabilities</i>	<u>\$ 112,164</u>	<u>\$ 57,783</u>	<u>\$ 1,572,413</u>	<u>\$ 26,461</u>	<u>\$ 1,768,821</u>

**Summit County Educational Service Center**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**

	Beginning Balance 7/1/07	Additions	Deductions	Ending Balance 6/30/08
<b>Service Center Agency</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 172,083	\$ 5,745	\$ 65,664	\$ 112,164
Intergovernmental Receivable	2,645	-	2,645	-
Total Assets	<u>\$ 174,728</u>	<u>\$ 5,745</u>	<u>\$ 68,309</u>	<u>\$ 112,164</u>
<u>Liabilities:</u>				
Undistributed Monies	\$ 174,728	\$ -	\$ 62,564	\$ 112,164
Total Liabilities	<u>\$ 174,728</u>	<u>\$ 0</u>	<u>\$ 62,564</u>	<u>\$ 112,164</u>
<b>MEO/SERCC</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 170,677	\$ 436,808	\$ 549,702	\$ 57,783
Intergovernmental Receivable	-	-	-	-
Total Assets	<u>\$ 170,677</u>	<u>\$ 436,808</u>	<u>\$ 549,702</u>	<u>\$ 57,783</u>
<u>Liabilities:</u>				
Accrued Wages	\$ 69,799	\$ -	\$ 69,799	\$ -
Intergovernmental Payable	415,667	-	415,667	-
Undistributed Monies	86,109	84,568	112,894	57,783
Total Liabilities	<u>\$ 571,575</u>	<u>\$ 84,568</u>	<u>\$ 598,360</u>	<u>\$ 57,783</u>
<b>NEOnet</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,565,205	\$ 3,592,225	\$ 3,585,017	\$ 1,572,413
Accounts Receivable	12,435	-	12,435	-
Intergovernmental Receivable	40,207	-	40,207	-
Total Assets	<u>\$ 1,617,847</u>	<u>\$ 3,592,225</u>	<u>\$ 3,637,659</u>	<u>\$ 1,572,413</u>
<u>Liabilities:</u>				
Accrued Wages	\$ 28,995	\$ 36,066	\$ 28,995	\$ 36,066
Intergovernmental Payable	16,765	8,094	6,421	18,438
Accrued Vacation Leave Payable	-	69,939	-	69,939
Undistributed Monies	1,572,087	35,416	159,533	1,447,970
Total Liabilities	<u>\$ 1,617,847</u>	<u>\$ 149,515</u>	<u>\$ 194,949</u>	<u>\$ 1,572,413</u>

**Summit County Educational Service Center**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**

	Beginning Balance 7/1/07	Additions	Deductions	Ending Balance 6/30/08
<b>Employee Benefits</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 23,063	\$ 464,579	\$ 461,181	\$ 26,461
<u>Liabilities:</u>				
Intergovernmental Payable	\$ 23,369	\$ 11,064	\$ 7,972	\$ 26,461
Undistributed Monies	(306)	306	-	-
Total Liabilities	\$ 23,063	\$ 11,370	\$ 7,972	\$ 26,461
<b>Total - All Agency Funds</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,931,028	\$ 4,499,357	\$ 4,661,564	\$ 1,768,821
Accounts Receivable	12,435	-	12,435	-
Intergovernmental Receivable	42,852	-	42,852	-
Total Assets	\$ 1,986,315	\$ 4,499,357	\$ 4,716,851	\$ 1,768,821
<u>Liabilities:</u>				
Accrued Wages	\$ 98,794	\$ 36,066	\$ 98,794	\$ 36,066
Accrued Vacation Leave Payable	-	-	-	-
Intergovernmental Payable	455,801	19,158	430,060	44,899
Accrued Vacation Leave Payable	-	69,939	-	69,939
Undistributed Monies	1,832,618	120,290	334,991	1,617,917
Total Liabilities	\$ 2,387,213	\$ 245,453	\$ 863,845	\$ 1,768,821

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The background of the entire page is a close-up, slightly blurred photograph of several coins scattered across a light-colored surface. The coins are a mix of copper and silver colors, with some showing the profile of a person's head. The lighting creates soft shadows and highlights the metallic texture of the coins.

Summit County  
**Educational  
Service Center**

**Statistical  
Section**





## STATISTICAL SECTION

This part of the Summit County Educational Service Center's (ESC) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the ESC's overall financial health.

<u><i>Statistical Section Contents</i></u>	<u><i>Page</i></u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the ESC's financial performance has changed over time.	70-77
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the affordability of the ESC's most significant local revenue source, "charges for services".	78
<b>Debt Capacity</b>	
This section is designed to present information to help the reader assess the affordability of the ESC's current levels of outstanding debt and any limits that may prevent the ESC from issuing additional debt in the future. The ESC does not report any outstanding debt in the past ten years, nor are there any limitations placed on the ESC for issuing debt in the future.	-
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within the ESC's financial activities take place.	79-87
<b>Operating</b>	
These schedules contain service data to help the reader understand how the information in the ESC's financial report relates to the services the ESC provides and the activities performed.	88-89

**Summit County Educational Service Center**  
**Net Assets by Components**  
**Last Seven Fiscal Years**  
**(Accrual Basis of Accounting)**

	2008	2007	2006	2005	2004
<u>Governmental Activities:</u>					
Invested in Capital Assets, Net of Related Debt	\$ 956,526	\$ 993,685	\$ 1,022,788	\$ 234,052	\$ 271,113
Restricted	1,864,256	272,331	166,267	212,594	377,156
Unrestricted	4,873,940	4,904,129	4,051,896	4,733,283	4,425,527
<b>Total Governmental Activities Net Assets</b>	<b>\$ 7,694,722</b>	<b>\$ 6,170,145</b>	<b>\$ 5,240,951</b>	<b>\$ 5,179,929</b>	<b>\$ 5,073,796</b>
<u>Primary Government:</u>					
Invested in Capital Assets, Net of Related Debt	\$ 956,526	\$ 993,685	\$ 1,022,788	\$ 234,052	\$ 271,113
Restricted	1,864,256	272,331	166,267	212,594	377,156
Unrestricted	4,873,940	4,904,129	4,051,896	4,733,283	4,425,527
<b>Total Primary Government Net Assets</b>	<b>\$ 7,694,722</b>	<b>\$ 6,170,145</b>	<b>\$ 5,240,951</b>	<b>\$ 5,179,929</b>	<b>\$ 5,073,796</b>

Source: FY2002- FY2008 Service Center Audit Reports

NOTE: Ten years of information will be provided when ten years of GASB Statement No. 34 reporting has been completed.

<u>2003</u>	<u>2002</u>
\$ 445,989	\$ 332,699
294,129	274,906
4,013,451	3,560,133
\$ 4,753,569	\$ 4,167,738
\$ 445,989	\$ 332,699
294,129	274,906
4,013,451	3,560,133
\$ 4,753,569	\$ 4,167,738

**Summit County Educational Service Center**  
**Changes in Net Assets**  
**Last Seven Fiscal Years**  
**(Accrual Basis of Accounting)**

	2008	2007	2006	2005	2004
<b>Primary Government:</b>					
<u>Expenses:</u>					
Governmental Activities:					
Instruction:					
Regular	\$ 540,996	\$ 369,429	\$ 349,962	\$ 209,664	\$ 8,909
Special	2,998,717	2,904,473	2,359,153	1,923,412	1,870,194
Vocational	60,090	58,931	56,693	53,325	51,425
Adult/Continuing	1,215	1,888	4,739	3,843	6,098
Support Services:					
Pupils	2,964,052	2,586,241	2,413,522	1,946,972	1,797,642
Instructional Staff	3,204,321	2,284,496	2,256,066	2,183,010	2,196,860
Board of governors	69,199	55,669	58,371	28,563	63,916
Administration	1,332,565	846,333	778,517	813,310	768,258
Fiscal	307,573	270,605	249,872	236,049	210,193
Business	42,678	63,513	45,152	50,286	27,818
Operation and Maintenance of Plant	210,114	123,790	106,250	142,367	148,626
Pupil Transportation	226,744	-	-	-	-
Central	12,696	248,083	207,542	433,416	799,918
Extracurricular Activities	1,778	19,638	13,166	20,304	-
Interest and fiscal charges		2,299	1,545	1,051	1,881
<b>Total Governmental Activities Expenses</b>	<b>11,972,738</b>	<b>9,835,388</b>	<b>8,900,550</b>	<b>8,045,572</b>	<b>7,951,738</b>
<u>Program Revenues:</u>					
Governmental Activities:					
Charges for Services:					
Instruction:					
Regular	\$ 175,800	\$ 161,796	\$ 121,485	\$ 106,586	\$ 421
Special	2,512,912	2,312,742	1,737,617	1,535,977	1,523,623
Vocational	158,255	145,649	109,360	95,948	50,839
Adult/Continuing	6,688	6,156	4,622	4,055	-
Support Services:					
Pupils	1,886,846	1,736,547	1,303,883	1,160,980	981,634
Instructional Staff	1,404,902	1,287,488	966,602	844,990	671,018
Board of governors	2,388	2,198	1,650	1,448	-
Administration	1,183,240	1,088,987	817,664	717,389	1,120,610
Fiscal	44,172	40,654	30,525	26,781	50,435
Business	3,344	3,078	2,311	2,028	-
Operation and Maintenance of Plant	5,255	4,837	3,632	3,186	-
Central	252,003	231,928	174,141	162,237	211,660
Operating Grants and Contributions					
Instruction:					
Regular	219,603	94,038	459,995	-	-
Special	149,113	181,428	218,335	394,094	201,669
Vocational	-	-	-	-	-
Adult/Continuing	1,222	-	-	-	10,369
Support services:					
Pupils	123,746	-	29,299	154,037	43,894
Instructional Staff	1,734,960	384,365	121,223	210,792	387,380
Board of governors	-	-	-	-	-
Administration	986,919	281,165	-	-	141,034
Fiscal	16,810	-	-	-	22,777
Operation and Maintenance of Plant	49,022	-	-	-	-
Pupil transportation	-	-	-	-	-
Central	-	3,000	482	354	389,532
<b>Total Governmental Activities Program Revenues</b>	<b>10,917,200</b>	<b>7,966,056</b>	<b>6,102,826</b>	<b>5,420,882</b>	<b>5,806,895</b>
<u>General Revenues and Other Changes in Net Assets</u>					
Governmental Activities:					
Grants and Entitlements not Restricted					
to Specific Programs	2,302,630	2,441,160	2,487,564	2,579,771	2,498,378
Investment Earnings	228,370	329,136	255,665	126,759	58,045
Miscellaneous	49,115	28,230	115,517	24,293	35,245
<b>Total Governmental Activities</b>	<b>2,580,115</b>	<b>2,798,526</b>	<b>2,858,746</b>	<b>2,730,823</b>	<b>2,591,668</b>
<u>Change in Net Assets:</u>					
Governmental Activities	1,524,577	929,194	61,022	106,133	446,825

Source: FY2002- FY2008 Service Center Audit Reports

NOTE: Ten years of information will be provided when ten years of GASB Statement No. 34 reporting has been completed.

2003		2002	
\$	11,290	\$	58,807
	2,105,265		1,900,754
	58,106		177,566
	48,034		-
	1,696,117		1,779,513
	2,081,258		1,932,347
	31,509		19,352
	592,645		566,137
	211,210		206,014
	57,747		49,106
	107,352		168,459
	-		11,874
	248,863		446,710
	-		-
	2,359		2,361
	<u>7,251,755</u>		<u>7,319,000</u>
\$	113,366	\$	193,818
	1,113,837		1,811,035
	54,474		175,368
	11,238		-
	1,211,153		1,120,383
	970,387		800,128
	4,013		-
	582,044		392,780
	27,081		450
	5,619		-
	8,830		-
	168,343		62,984
	-		39,898
	158,036		154,053
	-		2,221
	50,592		-
	36,059		75,668
	223,456		265,651
	-		-
	184,748		34,621
	38,574		445
	-		-
	-		10,151
	3,828		279,356
	<u>4,965,678</u>		<u>5,419,010</u>
	2,585,662		1,963,656
	78,544		125,806
	38,435		36,842
	<u>2,702,641</u>		<u>2,126,304</u>
	<u>416,564</u>		<u>226,314</u>

**Summit County Educational Service Center**  
**Fund Balance, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**General Fund**

	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
Fund balance, unreserved	\$ 5,300,862	\$ 4,013,583	\$ 3,874,349	\$ 4,208,418
Fund balance, reserved	130,629	133,345	80,720	111,428
Total fund balance	<u>\$ 5,431,491</u>	<u>\$ 4,146,928</u>	<u>\$ 3,955,069</u>	<u>\$ 4,319,846</u>

**All Other Governmental Funds**

	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
Fund balance, unreserved reported in:				
Special revenue funds	\$ (71,535)	\$ 160,973	\$ 149,363	\$ 209,966
Capital project funds	1,231,224	-	-	-
Expendable trust funds (1)	-	-	-	-
Fund balance, reserved	447,043	111,352	16,904	1,141
Total fund balance	<u>\$ 1,606,732</u>	<u>\$ 272,325</u>	<u>\$ 166,267</u>	<u>\$ 211,107</u>

Source: FY1999 - FY2008 Service Center Audit Report

NOTE: The general fund has been redefined with additional activities being classified as "general fund" operations with the implementation of GASB Statement No. 34, beginning with the fiscal year ended June 30, 2002.

(1) Classification change with the implementation of GASB Statement No. 34, beginning with the fiscal year ended June 30, 2002. As of this fiscal year, reclassified as Special Revenue funds.

Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001	Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999
\$ 4,033,875	\$ 3,642,819	\$ 3,261,798	\$ 3,156,582	\$ 1,435,835	\$ 966,470
86,221	150,241	87,670	461,292	471,950	271,637
<u>\$ 4,120,096</u>	<u>\$ 3,793,060</u>	<u>\$ 3,349,468</u>	<u>\$ 3,617,874</u>	<u>\$ 1,907,785</u>	<u>\$ 1,238,107</u>

Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001	Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999
\$ 234,355	\$ 190,887	\$ 157,934	\$ (113,631)	\$ (179,187)	\$ 123,520
-	-	-	-	98,823	146,407
-	-	-	77,478	321,808	309,717
124,784	82,600	30,620	367,142	381,646	1,185,539
<u>\$ 359,139</u>	<u>\$ 273,487</u>	<u>\$ 188,554</u>	<u>\$ 330,989</u>	<u>\$ 623,090</u>	<u>\$ 1,765,183</u>

**Summit County Educational Service Center**  
**General Governmental Revenues by Source and Expenditures by Function**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
<b>Revenues:</b>				
Intergovernmental	\$ 5,292,136	\$ 3,383,717	\$ 3,318,493	\$ 3,355,470
Interest	228,370	329,136	255,665	126,759
Tuition and fees	1,633,981	622,444	1,046,086	883,945
Gifts and donations	9,200	804	1,598	3,150
Charges for services	6,057,338	5,806,717	4,595,247	3,824,549
Miscellaneous	94,670	29,670	115,515	21,143
Total revenues	\$ 13,315,695	\$ 10,172,488	\$ 9,332,604	\$ 8,215,016
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	\$ 540,400	\$ 368,742	\$ 336,401	\$ 207,839
Special	2,988,392	2,897,878	2,349,568	2,020,576
Vocational	59,943	58,788	56,434	52,865
Adult/continuing	1,215	1,888	4,739	3,843
<b>Support services:</b>				
Pupils	2,949,490	2,573,179	2,439,096	1,945,466
Instructional staff	3,194,039	2,307,966	2,243,598	2,215,781
Board of governors	69,199	55,669	58,371	47,806
Administration	1,329,878	868,685	799,137	805,641
Fiscal	306,580	307,187	271,289	238,834
Business	38,642	60,758	44,675	51,649
Operation and maintenance of plant	178,773	97,064	951,376	120,368
Pupil transportation	-	-	-	-
Central	247,015	245,847	209,720	419,619
Community services	-	-	-	-
Extracurricular activities	12,725	19,628	13,156	20,295
Capital outlay	-	-	-	-
<b>Debt service:</b>				
Principal retirement	9,514	8,993	12,203	11,665
Interest and fiscal charges	1,778	2,299	1,545	1,051
Total expenditures	\$ 11,927,583	\$ 9,874,571	\$ 9,791,308	\$ 8,163,298
Excess of Revenues Over (Under)				
Expenditures	1,388,112	297,917	(458,704)	51,718
<b>Other Financing Sources (Uses):</b>				
Inception of capital lease	-	-	49,087	-
Proceeds from lease-purchase agreement	1,230,858	-	-	-
Refund of prior year receipts	-	-	-	-
Refund of prior year expenditures	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	1,230,858	-	49,087	-
Net change in fund balance	\$ 2,618,970	\$ 297,917	\$ (409,617)	\$ 51,718
<b>Debt Service as a Percentage of</b>				
Noncapital Expenditures	0.1%	0.1%	0.1%	0.2%

Source: FY1999 - FY2008 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, 2004	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001	Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999
\$ 3,697,657	\$ 3,359,436	\$ 2,752,119	\$ 3,847,665	\$ 5,256,585	\$ 7,014,005
58,045	78,544	125,806	298,361	269,925	276,738
499,384	362,000	426,351	306,903	345,943	221,641
400	1,300	-	-	-	-
4,061,944	3,958,308	3,939,763	3,877,888	2,701,100	2,260,906
34,845	37,135	36,842	207,030	76,196	282,422
<u>\$ 8,352,275</u>	<u>\$ 7,796,723</u>	<u>\$ 7,280,881</u>	<u>\$ 8,537,847</u>	<u>\$ 8,649,749</u>	<u>\$ 10,055,712</u>

\$ 8,540	\$ 11,623	\$ 56,809	\$ 35,611	\$ 80,920	\$ 86,115
1,852,159	2,105,228	1,898,949	1,684,129	1,471,551	959,153
49,872	59,879	175,364	185,644	362,991	540,220
6,098	48,034	-	-	-	-
1,818,538	1,699,325	1,774,633	1,879,575	1,583,520	2,282,164
2,173,122	2,053,197	1,926,673	2,049,960	3,272,104	2,677,485
45,037	31,145	19,352	23,068	24,080	38,178
772,508	610,079	579,382	554,911	441,680	556,977
242,727	246,439	209,279	218,938	219,127	256,703
27,789	53,568	42,980	53,732	65,241	41,757
121,694	96,325	219,863	115,575	1,305,568	1,609,638
-	-	11,874	11,189	23,049	22,791
797,732	250,746	477,840	328,806	253,313	679,853
-	-	-	-	852	3,286
-	-	-	2,311	2,175	36,237
11,055	-	-	2,327	1,110	2,864
10,835	13,252	11,236	6,694	29,349	-
1,881	2,359	2,361	1,429	1,217	-
<u>\$ 7,939,587</u>	<u>\$ 7,281,199</u>	<u>\$ 7,406,595</u>	<u>\$ 7,153,899</u>	<u>\$ 9,137,847</u>	<u>\$ 9,793,421</u>

412,688	515,524	(125,714)	1,383,948	(488,098)	262,291
-	13,000	-	35,000	14,707	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,301	-	-	-	13,008	250,562
(24,301)	-	-	-	(13,008)	(250,562)
<u>-</u>	<u>13,000</u>	<u>-</u>	<u>35,000</u>	<u>14,707</u>	<u>-</u>
<u>\$ 412,688</u>	<u>\$ 528,524</u>	<u>\$ (125,714)</u>	<u>\$ 1,418,948</u>	<u>\$ (473,391)</u>	<u>\$ 262,291</u>

0.2%

0.2%

0.2%

0.1%

0.3%

0.0%

**Summit County Educational Service Center**  
**Largest Own Revenue Source - Charges for Services**  
**Current Year and Nine Year's Prior**

Source	Fiscal Year 2008 (1) Amount	% Of The Total Largest Own Revenue Source	Source	Fiscal Year 1999 (1) Amount	% Of The Total Largest Own Revenue Source
Preschool Excess Costs	\$ 1,119,638	15%	PALS Lab (jobs and family svcs)	\$ 118,793	11.55%
Copley-Fairlawn City School District	642,411	8%	Preschool Excess Costs	78,439	7.63%
Cuyahoga Falls City School District	565,088	7%	Nordonia Hills City School District	172,890	16.81%
Psychological Services	509,500	7%	Workshop Fees	72,799	7.08%
Administrative Fees	504,557	7%	Woodridge Local School District	135,725	13.20%
Revere Local School District	384,303	5%	Revere Local School District	251,541	24.46%
Walsh Jesuit High School	257,007	3%	Total Top Payers/Users of Services	830,187	81%
Twinsburg City School District	255,460	3%			
St. Barnabas Catholic School	250,803	3%			
Green Local School District	231,667	3%			
Total Top Payers/Users of Services	<u>4,720,434</u>	<u>62%</u>	Total Charges for Services (2)	<u>\$1,028,464</u>	
Total Charges for Services (2)	<u>\$ 7,635,805</u>				

**Most significant services provided to member districts (3):**

Services provided by the ESC to member districts interested in our assistance include:

- \*staffing services
- \*curriculum and instruction consultation
- \*psychological services
- \*special education consultation
- \*speech and language supervision/consultation
- \*work study supervisor

- (1) Cash collections for the fiscal year.
- (2) 2008 is reported for governmental activities using the accrual basis of accounting. 1999 is provided for governmental funds using the modified accrual basis of accounting.
- (3) There is no direct rate applied to this revenue source. The fees for these revenues vary from service to service provided and vary by member districts who request the services.

Source: Service Center's financial records.

**Summit County Educational Service Center**  
**Demographic and Economic Indicators**  
**Most Recent Year Available and Nine Year's Prior**

	<u>1998</u>	<u>2007</u>
Civilian labor force in county	278,100	296,400
Unemployed in county	11,402	16,005
Unemployment rate in county	4.1%	5.4%
Unemployment rate - Ohio	4.3%	5.6%

**Ten Largest Employers in Summit County as of December 31, 2007**

<b>Employer</b>	<b>Nature of Activity or Business</b>	<b>Approximate Number of Employees</b>	<b>Percent of Total Employed</b>
Summa Health System	Medical	7,800	2.63%
Akron General Medical Center	Hospital	5,459	1.84%
University of Akron	Higher Education	5,070	1.71%
County of Summit	Government	4,020	1.36%
Akron Public School District	Elementary and Secondary Ed.	3,925	1.32%
The Goodyear Tire and Rubber Company	Rubber Products	3,600	1.21%
Akron Childrens' Hospital	Medical	3,552	1.20%
First Energy Corporation	Utilities	2,803	0.95%
Sterling Jewelers Inc	Retail	2,572	0.87%
City of Akron	Government	2,518	0.85%

**Ten Largest Employers in Summit County as of December 31, 1998**

<b>Employer</b>	<b>Nature of Activity or Business</b>	<b>Approximate Number of Employees</b>	<b>Percent of Total Employed</b>
The Goodyear Tire and Rubber Company	Rubber Products	4,600	1.73%
Summa Health Systems	Hospital	4,000	1.51%
Akron General Medical Center	Hospital	3,915	1.47%
Summit County	Government	3,492	1.31%
The University of Akron	Higher Education	3,018	1.14%
Akron School District	Education	3,000	1.13%
First Energy	Utilities	2,800	1.05%
City of Akron	Government	2,746	1.03%
Chrysler Corporation, Stamping Plant	Automotive	2,575	0.97%
Acme-Click Stores	Retail Grocery	2,000	0.75%

Source: County of Summit/Ohio CAFR

**Summit County Educational Service Center  
Demographic and Economic Indicators (Continued)  
Most Recent Year Available and Nine Year's Prior**

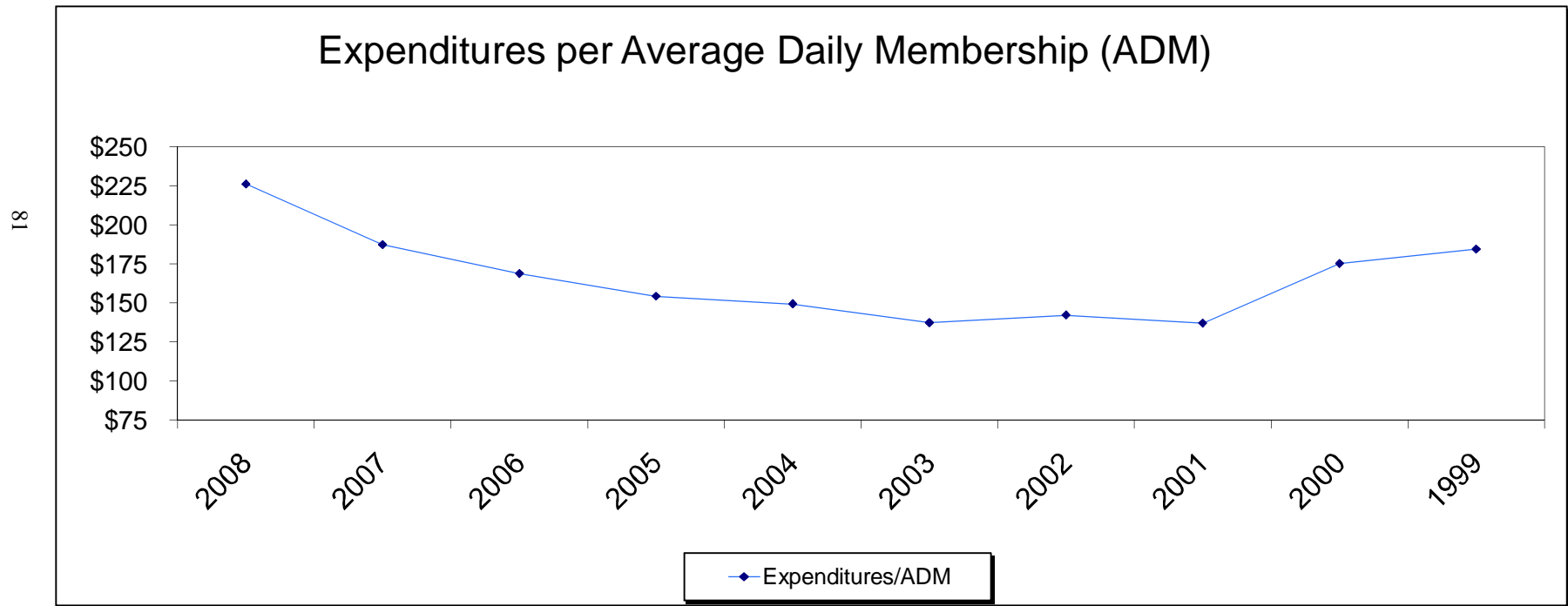
School District (1)	2006 Personal Tax Returns		1997 Personal Tax Returns	
	Total District Personal Income	Per Capita Personal Income	Total District Personal Income	Per Capita Personal Income
Barberton CSD	386,324,936	32,468	344,800,987	23,081
Copley-Fairlawn CSD	745,999,735	69,929	522,004,037	36,740
Coventry LSD	285,405,679	43,009	197,499,831	27,659
Cuyahoga Falls CSD	905,030,319	42,456	835,303,545	39,545
Green LSD	682,249,911	56,468	416,799,301	33,260
Hudson CSD	1,466,436,063	127,561	1,073,321,621	54,175
Manchester LSD	200,333,197	45,655	161,464,475	31,080
Mogadore LSD	81,056,011	39,482	83,162,877	29,154
Nordonia Hills CSD	910,268,409	55,134	548,562,194	35,188
Norton CSD	305,681,807	44,547	228,968,600	29,270
Revere LSD	1,224,077,108	128,796	635,102,971	41,931
Springfield LSD	333,178,240	37,848	240,324,424	26,303
Stow-Munroe Falls CSD	1,086,062,809	53,720	823,065,617	36,319
Tallmadge CSD	415,842,094	48,466	306,664,505	31,785
Twinsburg CSD	704,780,108	59,859	421,994,881	38,306
Woodridge LSD	506,615,849	60,723	164,830,859	34,948

Source: Ohio Department of Taxation

(1) Member district income was deemed relevant information. Employer and Employee income does not directly effect the ESC's largest own revenue source. However, it is deemed to indirectly effect it. The financial stability of the member district's has a direct effect on the services they request from the ESC, thus effecting the ESC's largest own revenue source.

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

Fiscal Year Ended June 30	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
(1) Expenses/Expenditures	\$ 11,972,738	\$ 9,835,388	\$ 8,900,550	\$ 8,163,298	\$ 7,939,587	\$ 7,281,199	\$ 7,406,595	\$ 7,153,899	\$ 9,137,847	\$ 9,793,421
(2) ADM	52,912	52,483	52,681	52,902	53,152	53,040	52,096	52,191	52,104	53,064
Expenditures/ADM	\$ 226	\$ 187	\$ 169	\$ 154	\$ 149	\$ 137	\$ 142	\$ 137	\$ 175	\$ 185



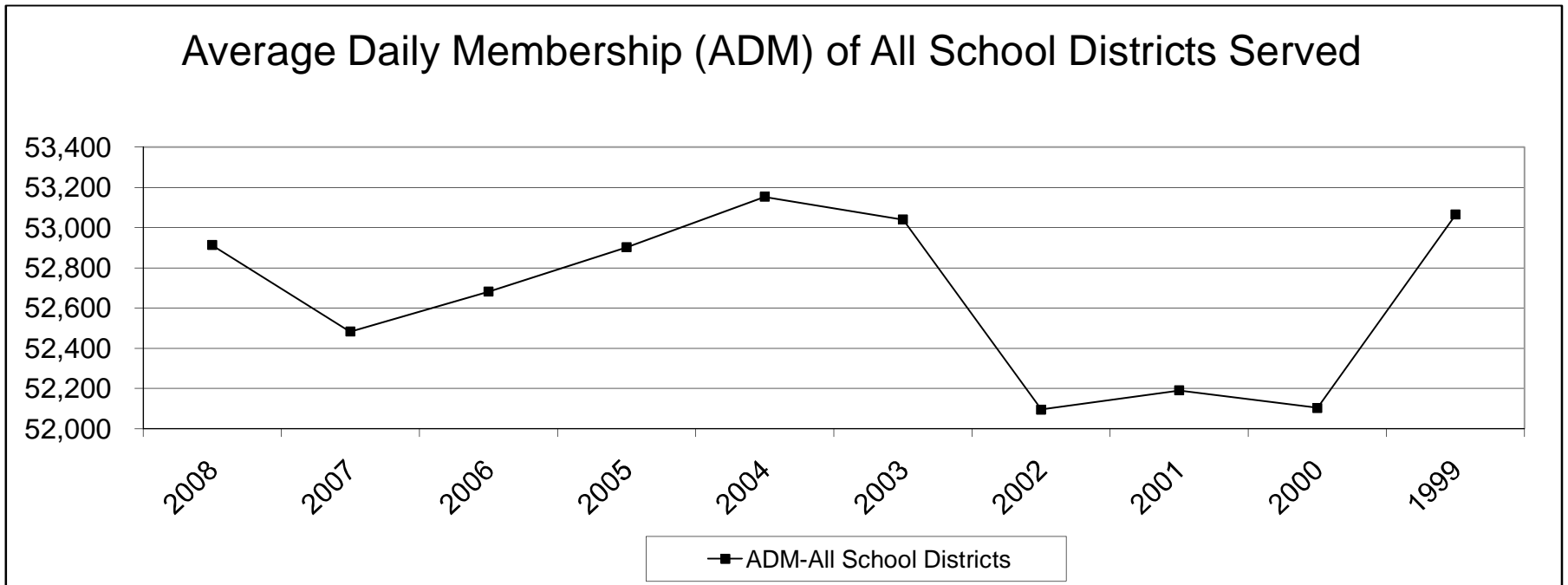
(1) FY1999 - FY2001 modified accrual basis expenditures are provided. FY2002-FY2008 accrual basis expenses are provided. All provided by Service Center Audit Reports.

(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	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
ADM	52,912	52,483	52,681	52,902	53,152	53,040	52,096	52,191	52,104	53,064
Percent Change	0.82%	-0.38%	-0.42%	-0.47%	0.21%	1.81%	-0.18%	0.17%	-1.81%	3.62%

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**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		
	2007	2006	2005	2007	2006	2005
Fall Enrollment	3,695	3,995	4,139	3,225	3,193	3,189
<u>Demographic Data:</u>						
Average Income	\$ 25,472	\$ 25,203	\$ 25,154	\$ 43,648	\$ 42,192	\$ 41,609
Property Valuation/Pupil	107,249	98,341	95,447	241,288	247,940	235,155
<u>Fiscal Data:</u>						
Effective Mills	28.64	27.35	31.50	27.25	30.02	29.94
Average Teacher Salary	\$ 50,015	\$ 50,842	\$ 49,981	\$ 58,319	\$ 56,362	\$ 53,447
<u>Staff Data:</u>						
Average Teacher Experience	13.00	12.00	12.00	16.00	15.00	14.00
Number of Teachers	254.00	249.60	260.00	178.00	179.30	183.00
Student/Teacher Ratio	19.00	18.40	15.90	21.60	21.30	17.40
<u>Output:</u>						
Pupil Attendance Rate	93.60	93.70	93.70	96.30	96.30	96.30
Graduation Rate	97.20	86.20	77.50	94.50	97.90	99.60

Fiscal Year Ended June 30,	Nordonia Hills City School District			Norton City School District		
	2007	2006	2005	2007	2006	2005
Fall Enrollment	3,784	3,746	3,715	2,417	2,377	2,384
<u>Demographic Data:</u>						
Average Income	\$ 42,482	\$ 41,214	\$ 41,609	\$ 34,028	\$ 32,624	\$ 33,321
Property Valuation/Pupil	252,662	265,747	244,927	144,415	134,473	122,025
<u>Fiscal Data:</u>						
Effective Mills	28.34	29.53	30.23	26.89	26.79	28.94
Average Teacher Salary	\$ 53,732	\$ 52,445	\$ 50,774	\$ 50,411	\$ 49,877	\$ 47,569
<u>Staff Data:</u>						
Average Teacher Experience	15.00	14.00	14.00	15.00	14.00	13.00
Number of Teachers	227.90	219.40	214.00	145.90	140.30	138.00
Student/Teacher Ratio	19.60	19.70	17.30	18.50	18.20	17.20
<u>Output:</u>						
Pupil Attendance Rate	95.50	95.60	95.60	95.10	95.10	95.10
Graduation Rate	96.40	94.20	94.50	98.20	95.30	97.60

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

(1) Information is not available for fiscal year 2008 due to this year still being under audit for some schools.



Coventry Local School District			Cuyahoga Falls City School District			Green Local School District		
2007	2006	2005	2007	2006	2005	2007	2006	2005
2,305	2,233	2,234	4,939	5,062	5,121	4,032	3,966	4,028
\$ 31,980	\$ 31,299	\$ 31,926	\$ 31,656	\$ 31,016	\$ 31,275	\$ 37,939	\$ 36,334	\$ 36,546
186,885	143,660	137,523	161,251	158,761	154,155	165,327	173,672	159,711
31.35	25.56	29.35	33.49	31.95	34.40	28.30	33.40	33.60
\$ 45,645	\$ 45,378	\$ 43,594	\$ 48,798	\$ 48,964	\$ 46,879	\$ 51,366	\$ 49,476	\$ 48,156
12.00	11.00	11.00	15.00	14.00	14.00	12.00	11.00	11.00
135.20	133.20	129.00	318.10	301.00	324.00	221.20	218.30	224.00
21.30	19.90	17.30	18.80	18.50	15.80	21.60	22.10	17.90
94.70	94.60	94.60	94.60	94.80	94.80	96.00	96.10	96.10
94.30	95.70	91.60	91.70	91.00	91.20	95.70	96.70	96.50
Revere Local School District			Springfield Local School District			Stow-Munroe Falls City School District		
2007	2006	2005	2007	2006	2005	2007	2006	2005
2,718	2,734	2,758	2,796	2,868	3,008	5,745	5,726	5,819
\$ 54,981	\$ 51,538	\$ 50,879	\$ 29,633	\$ 29,373	\$ 29,412	\$ 39,387	\$ 38,086	\$ 38,523
310,469	334,550	309,687	150,848	138,779	123,563	162,802	166,384	157,239
27.20	28.07	28.17	31.92	28.53	30.46	32.66	33.94	33.79
\$ 61,628	\$ 58,523	\$ 56,503	\$ 55,096	\$ 53,522	\$ 51,278	\$ 54,664	\$ 53,689	\$ 53,792
15.00	14.00	14.00	14.00	13.00	12.00	14.00	13.00	13.00
159.70	170.20	179.00	193.30	193.40	195.00	319.30	319.10	319.00
18.80	17.80	15.40	18.60	17.70	15.40	21.80	22.20	18.20
96.10	96.10	96.10	93.70	93.80	93.80	95.40	95.30	95.30
99.50	97.80	96.30	91.40	85.90	82.60	97.20	95.60	95.50

(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		
	2007	2006	2005	2007	2006	2005
Fall Enrollment	5,098	5,150	5,264	1,480	1,455	1,484
<u>Demographic Data:</u>						
Average Income	\$ 63,635	\$ 62,359	\$ 63,982	\$ 34,150	\$ 33,388	\$ 33,094
Property Valuation/Pupil	177,345	172,266	167,249	125,729	136,567	126,451
<u>Fiscal Data:</u>						
Effective Mills	36.81	46.06	40.73	34.22	32.64	32.72
Average Teacher Salary	\$ 63,314	\$ 63,033	\$ 60,115	\$ 50,928	\$ 48,199	\$ 48,442
<u>Staff Data:</u>						
Average Teacher Experience	17.00	16.00	16.00	16.00	15.00	15.00
Number of Teachers	332.40	331.60	326.00	78.50	80.10	80.00
Student/Teacher Ratio	18.40	18.60	16.10	23.00	21.00	18.60
<u>Output:</u>						
Pupil Attendance Rate	96.20	95.90	95.90	95.80	95.70	95.70
Graduation Rate	98.20	97.90	97.20	98.20	97.40	96.50

Fiscal Year Ended June 30,	Tallmadge City School District			Twinsburg City School District		
	2007	2006	2005	2007	2006	2005
Fall Enrollment	2,662	2,691	2,707	4,185	4,045	4,024
<u>Demographic Data:</u>						
Average Income	\$ 35,703	37,492	\$ 34,485	\$ 44,092	\$ 42,608	\$ 43,539
Property Valuation/Pupil	159,574	159,378	146,017	233,593	217,088	187,285
<u>Fiscal Data:</u>						
Effective Mills	29.81	34.89	35.31	32.49	31.20	36.24
Average Teacher Salary	\$ 54,938	52,470	\$ 51,085	\$ 57,694	\$ 55,576	\$ 52,502
<u>Staff Data:</u>						
Average Teacher Experience	14.00	13.00	12.00	10.00	9.00	8.00
Number of Teachers	166.70	169.70	169.00	225.80	225.40	226.00
Student/Teacher Ratio	17.20	21.40	16.00	21.70	16.70	17.80
<u>Output:</u>						
Pupil Attendance Rate	95.60	95.70	95.70	96.20	95.80	95.80
Graduation Rate	97.80	97.40	96.80	91.50	90.10	95.70

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

(1) Information is not available for fiscal year 2008 due to this year still being under audit for some schools.

Mogadore Local School District		
2007	2006	2005
895	890	853
\$ 32,602	\$ 31,730	\$ 32,651
158,908	110,358	99,605
29.36	31.03	34.10
\$ 45,883	\$ 50,153	\$ 48,661
14.00	13.00	13.00
62.50	57.00	56.00
16.20	17.20	15.20
95.40	95.40	95.40
100.00	94.70	100.00

Woodridge Local School District		
2007	2006	2005
1,845	1,799	1,756
\$ 34,526	\$ 33,143	\$ 34,017
289,527	268,381	257,200
32.98	36.94	37.21
\$ 54,400	\$ 48,449	\$ 47,501
12.00	11.00	11.00
112.30	121.10	113.00
18.00	16.30	15.40
95.10	95.20	95.20
98.30	98.40	95.80

Total/Highest/Lowest All Districts Served					
2006		2005		2004	
51,930		52,483		52,245	
<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
\$ 62,359	\$ 25,203	\$ 63,982	\$ 25,154	\$ 57,760	\$ 24,687
\$ 309,687	\$ 98,341	\$ 309,687	\$ 95,447	\$ 266,845	\$ 98,265
46.06	25.56	40.73	28.17	43.77	25.22
\$ 63,033	\$ 45,378	\$ 60,115	\$ 43,594	\$ 54,409	\$ 40,167
16.00	8.00	16.00	8.00	16.00	10.00
331.60	57.00	326.00	56.00	334.00	54.00
22.20	16.30	18.60	15.20	21.30	14.60
96.30	93.70	96.30	93.70	96.60	93.50
98.40	85.90	100.00	77.50	98.70	78.10

**Summit County Educational Service Center**  
**Number of Employees by Function/Program**  
**Last Three Fiscal Years**

**Governmental Employees by Function/Program (1)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instruction:			
Regular	8	6	7
Special	96	104	95
Vocational	1	1	1
Support Services:			
Pupils	55	56	42
Instructional Staff	35	38	37
Administration	12	10	7
Fiscal	3	3	3
Business	1	1	1
Operation and Maintenance of Plant	2	1	1
Central	15	16	2
Extracurricular	<u>1</u>	<u>1</u>	<u>1</u>
Total employees	<u><u>229</u></u>	<u><u>237</u></u>	<u><u>197</u></u>

(1) Represent total employees, whether full-time or part-time.

NOTE: Previous seven years data is not readily available.

Source: Service Center payroll records

**Summit County Educational Service Center**  
**Capital Assets by Function/Program (1)**  
**Last Seven Fiscal Years**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2003</u>	<u>2002</u>
Instruction						
Regular						
Furniture and Equipment	\$ -	\$ 337	\$ 673	\$ 1,009	\$ 1,683	\$ 2,019
Special						
Building and Improvements	105,468	107,712	109,956	-	-	-
Furniture and Equipment	12,411	17,464	22,518	27,891	39,598	45,561
Support Services:						
Instructional Staff						
Building and Improvements	82,031	83,776	85,522	-	-	-
Furniture and Equipment	26,657	32,687	30,339	25,969	50,040	66,635
Administration						
Building and Improvements	269,530	275,265	280,999	-	-	-
Furniture and Equipment	18,853	9,938	11,406	17,728	38,274	26,921
Fiscal						
Furniture and Equipment	9,600	11,038	5,391	6,121	1,061	8,311
Business						
Vehicles	7,901	10,535	-	-	-	5,462
Operation and Maintenance of Plant						
Land	207,778	207,778	207,777	-	-	-
Building and Improvements	128,905	131,648	134,390	-	-	-
Furniture and Equipment	113,662	141,187	178,339	162,822	208,469	231,969
Central						
Furniture and Equipment	-	104	255	405	705	854
	<u>\$ 982,796</u>	<u>\$ 1,029,469</u>	<u>\$ 1,067,565</u>	<u>\$ 241,945</u>	<u>\$ 339,830</u>	<u>\$ 387,732</u>

Source: Service Center records

(1) Amounts are net of accumulated depreciation.

Note: Data is only provided for fiscal years 2002 - 2007. Data prior to the implementation of GASB Statement No. 34 is not available prior to the implementation year of fiscal year 2002.





**Mary Taylor, CPA**  
Auditor of State

**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  
JANUARY 20, 2009**