

# Summit County Educational Service Center

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*Report Letters*

*June 30, 2009*





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, 2008 through June 30, 2009. 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

February 22, 2010

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**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER**

**TABLE OF CONTENTS**

	<b>PAGE</b>
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	1-2
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.....	3-4
Schedule of Expenditures of Federal Awards .....	5
Notes to Schedule of Expenditures of Federal Awards .....	6
Schedule of Findings and Questioned Costs .....	7



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 23, 2009

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, 2009, and have issued our report thereon dated December 23, 2009. 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, but 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.

*Hea & Associates, Inc.*



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 23, 2009

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 each of its major federal programs for the year ended June 30, 2009. 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, 2009.



### 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, 2009, and have issued our report thereon dated December 23, 2009. 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.

*Kea & Associates, Inc.*

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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>				
State Support Team Region 8	84.027	2008	\$ 431,793	\$ 355,778
State Support Team Region 8	84.027	2009	1,102,326	1,044,800
Total IDEA-B			1,534,119	1,400,578
Preschool Grant	84.173	2008	7,143	3,985
Preschool Grant	84.173	2009	25,303	35,503
Child Outcomes Support Grant	84.173	2009	6,000	6,000
Total Preschool Grants			38,446	45,488
<i>Total Special Education Cluster</i>			1,572,565	1,446,066
<i>State Personnel Development</i>				
SIG Implentation Grant	84.323	2008	3,000	0
SIG Implentation Grant	84.323	2009	33,670	38,479
Total State Personnel Development			36,670	38,479
<i>Personnel Development for Children with Disabilities</i>				
SPDG Grant	84.323	2009	26,774	35,613
Total Personnel Development for Children with Disabilities			26,774	35,613
<b>Received Directly from U.S. Department of Education:</b>				
Teaching American History Grant	84.215	2009	329,166	283,510
			329,166	283,510
Total Department of Education			1,965,175	1,803,668
Total Federal Assistance			\$ 1,965,175	\$ 1,803,668

**The accompany notes are an integral part of the schedule of expenditures of federal awards.**

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

SUMMIT COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2009

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Service Center's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE 2: TRANSFERS

The Service Center generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30 and spent by September 30). However, with Ohio Department of Education's (ODE) approval, the Service Center can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. During fiscal year 2009, ODE authorized the following transfers:

<u>CFDA Number</u>	<u>Program Title</u>	<u>Year</u>	<u>Transfers Out</u>	<u>Transfers In</u>
84.323	State Personnel Development	2008	41,000	
84.323	State Personnel Development	2009		41,000

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 , Section .505  
JUNE 30, 2009**

**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.



Summit County

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# Educational Service Center

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## Comprehensive Annual Financial Report

Fiscal Year Ended

June 30, 2009

Cuyahoga Falls, Ohio



# **Summit County Educational Service Center**

**Cuyahoga Falls, Ohio**

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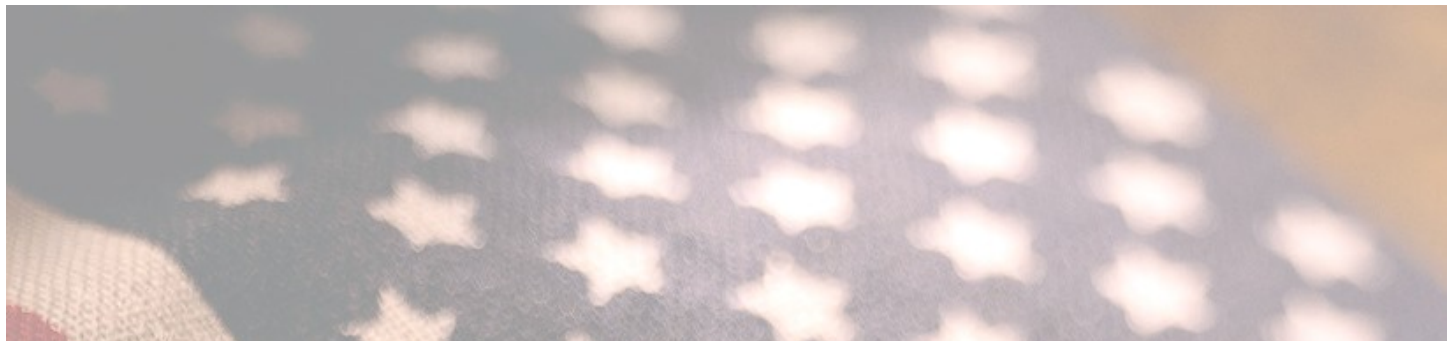
Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009

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







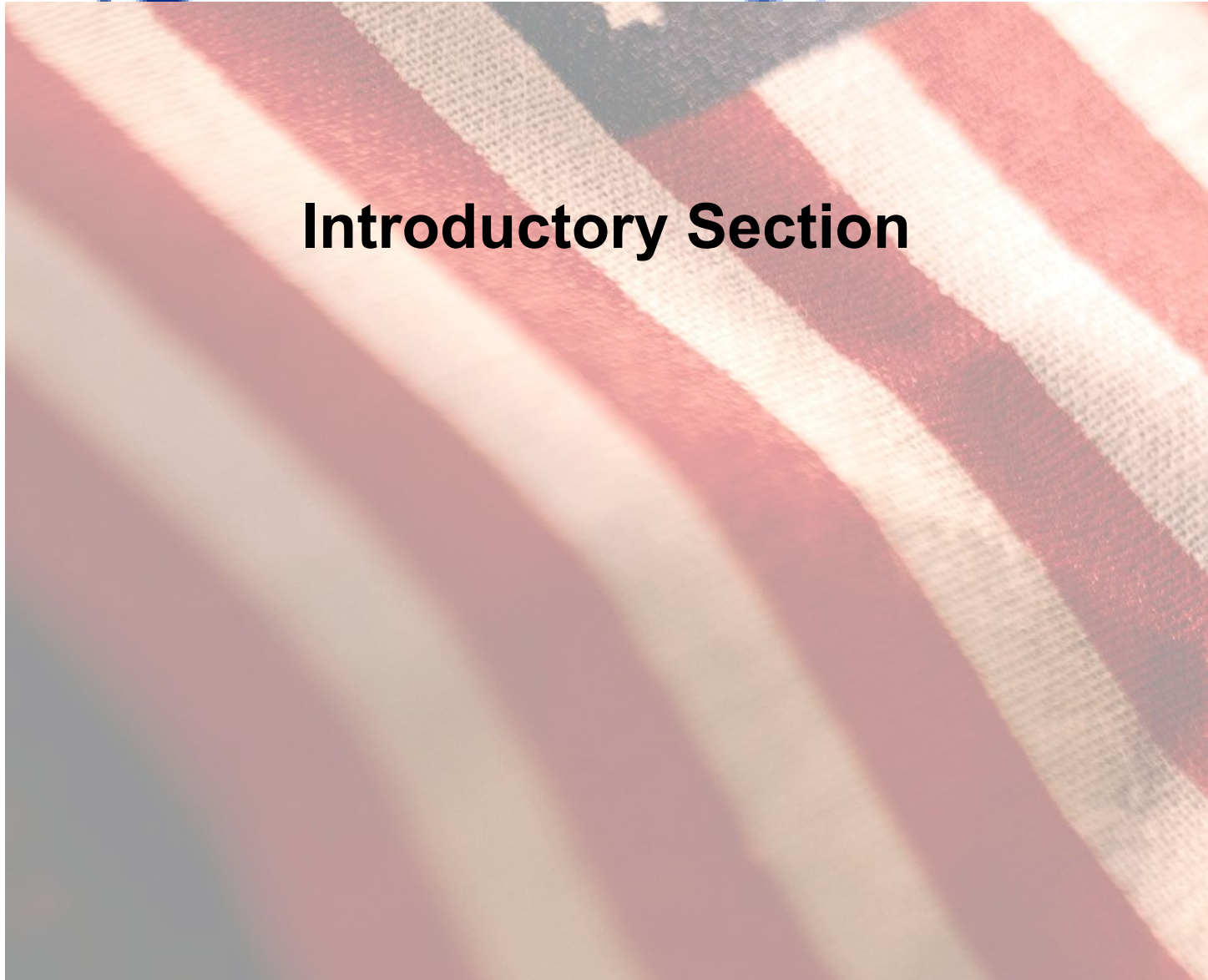
Summit County

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# Educational Service Center

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**Introductory Section**





*Summit County Educational Service Center*  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2009  
 Table of Contents

<b>Introductory Section</b>	<b>Page</b>
Table of Contents .....	i
Letter of Transmittal .....	iii
Public Officials Roster .....	xii
Organization Chart.....	xiii
Certificate of Achievement .....	xiv
 <b>Financial Section</b>	
Report of Independent Auditor's .....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	12
Statement of Activities .....	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17
Statement of Fiduciary Net Assets – Agency Funds .....	18
Notes to the Basic Financial Statements .....	19
Combining Statements and Individual Fund Schedules:	
Combining Statements - Nonmajor Funds:	
Description of Funds-Special Revenue Funds .....	36
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	40
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
General Fund .....	43
Educational Regional Service System Fund.....	46
Other Local Fund.....	48
Miscellaneous Local Grants Fund.....	49
Management Information Systems Fund.....	50
Public School Preschool Fund.....	51
Entry Year Program Fund .....	52
SchoolNet Professional Development Fund.....	53
Dual Credit Grant Fund.....	54

**Summit County Educational Service Center**  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2009  
 Table of Contents (continued)

---

Miscellaneous State Grants Fund .....	55
EHA Preschool Grant Fund.....	56
Miscellaneous Federal Grants Fund .....	57
Permanent Improvements .....	58
Budgetary Notes .....	59
Description of Funds-Agency Funds .....	61
Combining Statement of Assets and Liabilities - Agency Funds .....	62
Combining Statement of Changes in Assets and Liabilities – All Agency Funds .....	63

**Statistical Section**

Contents .....	65
Net Assets Components – Last Eight Fiscal Years .....	66
Change in Net Assets – Last Eight Fiscal Years .....	68
Fund Balance, Governmental Funds – Last Ten Fiscal Years .....	70
General Governmental Revenues by Source and Expenditures	
By Function - Last Ten Fiscal Years .....	72
Largest Own Revenue Source – Charges for Services – Current Year	
and Nine Years Prior .....	74
Demographic and Economic Indicators – Most Recent Year and Nine Year’s Prior.....	75
Expenditures Per Average Daily Membership (ADM) - Last Ten Fiscal Years .....	77
Average Daily Membership (ADM) of All Districts Served - Last Ten Fiscal Years.....	78
Miscellaneous Statistics School Districts Served - Last Three Fiscal Years .....	80
Number of Employees by Function/Program – Last Four Fiscal Years .....	84
Capital Assets by Function/Program – Last Seven Fiscal Years .....	85

December 23, 2009

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, 2009 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 2008-2009 fiscal year end.

Responsibility for both the accuracy of data presented and the completeness/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 Auditors, 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.

This CAFR is presented in three sections:

The Introductory Section, which is unaudited, includes this transmittal letter, a list of public officials, the Service Center's organizational chart and the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2008.

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

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Service Center’s MD&A can be found immediately following the Independent Accountants’ 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 52,665 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 members 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, 2012.

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. The Ohio Improvement Process (OIP) is also facilitated through the Summit County Educational Service Center.

During Fiscal year 2009 the curriculum and instructional technology department worked on a number of projects that fall outside the traditional view of “regular” work. The Teaching American History Grant is a collaborative effort between the University of Akron and the Summit County Educational Service Center. This grant is a multi- year grant from the Federal Government to be used for professional development of history teachers. Another grant the ESC has involvement with is the Ohio Performance Assessment Grant. This grant has science as its’ emphasis. Yet another grant worth mention is the Safe Schools and Violence Prevention Grant. This grant involves students in activities that help teach appropriated decision making and leadership skills. A safety net of sorts was added in 2008 and continued into 2009 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. It will be offered as long as districts we serve express a need.

### **Pupil Personnel**

The Service Center provides services to school districts to assist in their delivery of services to special needs and at-risk populations. Services provided directly to students and families are: Attendance/Truancy, Psychological Testing and Individual Education Plans, Speech & Language Therapy and Audiology.

Specialized staffing and other programs are available to school districts to assist them in providing the necessary support for special populations. These include Gifted and Talented Coordination, Special Education Supervision, Speech and Language Supervision, and Work/Study Coordination. Specifically, in 2009 the work-study program assisted one hundred and eleven students in seven school districts, had one hundred fifty two employer contact to place 37 students, arranged twenty-two volunteer/unpaid work experiences, hosted 5 transitional resource group meetings and opened fifty-eight new student files. School Psychologists served one thousand ninety-three students and had four hundred twenty five parent meetings. Workshops and trainings provided by this department include: Response to Intervention (RTI) workshops, two day Treatment and Education of Autistic and related Communication handicapped Children and adults (TEACCH) training to district personnel working with students diagnosed with Autism Spectrum disorders, paraprofessional trainings and study sessions, six sessions on Child and Family Awareness workshops and finally several end of year trainings on the new ODE Individualized Education Program forms and Evaluation Team Report forms required for use starting the 2009-2010 school year.

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 2009 included 17 classrooms across Summit County that served two hundred fifty-nine students. Two hundred 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.

A new venture for the Summit County ESC is the Summit County Opportunity Preschool Education Academy (S.C.O.P.E.). This program is intended to be a model for all preschools.



This innovative approach to early childhood education requires high expectations for excellence in academics, 21<sup>st</sup> century skills, global awareness, foreign language, athletics and the arts permeate throughout the culture of the building. There is a sense of pride and respect for themselves and each other. Children are neither bored nor frustrated. Students who are having difficulty with a particular concept are being assisted by students who have mastered it. A sophisticated computer network is available to reinforce classroom instruction, to provide additional visual and audio demonstrations that cannot be provided in the school and to encourage the interaction with others from all over the world. The children are participating in the learning process. They understand that today's world requires continuous learning to achieve professional and personal satisfaction. The children have an appreciation of the world around them and understand the importance of giving back to the community to enhance its growth. During the time they are in our care, they are safe, intellectually stimulated and aware that education is the key not only to their future but the future of society as a whole. We are very pleased with this new program and believe it will be a model for future preschool curriculum.

### **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 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 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 10,000 employees. Akron General Medical Center is in second place with 4,277 employees, finally followed by the County of Summit with 3,468 employees. The Akron Public School District is in fourth place with 3,095 employees. Goodyear Tire and Rubber takes fifth place with 3,000 employees. Even though Goodyear employs less people, it has still risen from rank of 6<sup>th</sup> place to 5<sup>th</sup> this year over last. The University of Akron has risen in its standing over last year with a jump from 8<sup>th</sup> place to 6<sup>th</sup> with a total number of 2,845 employees.

The County is the corporate headquarters for four corporations with annual sales or revenue of more than one billion dollars each. These are FirstEnergy Corp., The Goodyear Tire and Rubber Company, Jo-Ann Stores, Inc. and A. Schulman, Inc.

Unemployment rates and stocks have been unstable for quite a long period of time, country wide. Recent history shows Summit County has fared unfavorably in unemployment rates compared to National but not State rates. The county unemployment rate in 2008 was at 6.1%. This percentage is up from 2007 rate that was 5.4%. As a comparison, the 2007 state rate was 5.6% and the 2008 rate for the state was 6.5%. In both of these years, the State rate of unemployment was higher than the County rate of unemployment. The National rates of 4.6% for 2007 and 5.8% for 2008 are both lower than the State and County rates of unemployment. This means the bad economy for these two years has hit Ohio and Summit County harder than the National average. 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.

## **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 Accountants' 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 2009, 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.

## **CASH MANAGEMENT**

The Service Center's approach to the cash management program has continued to be consistent during 2008-2009 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 \$63,170.83. This figure is an all time low.

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 2009 were \$621,782.78 and \$358,655.32 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 and Associates, CPA's performed the audit for the period ended June 30, 2009. 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, 2008 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,



Sondra Clevenger  
Chief Fiscal Officer

*Summit County Educational Service Center*  
**Public Officials Roster**  
**Year Ended June 30, 2009**

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

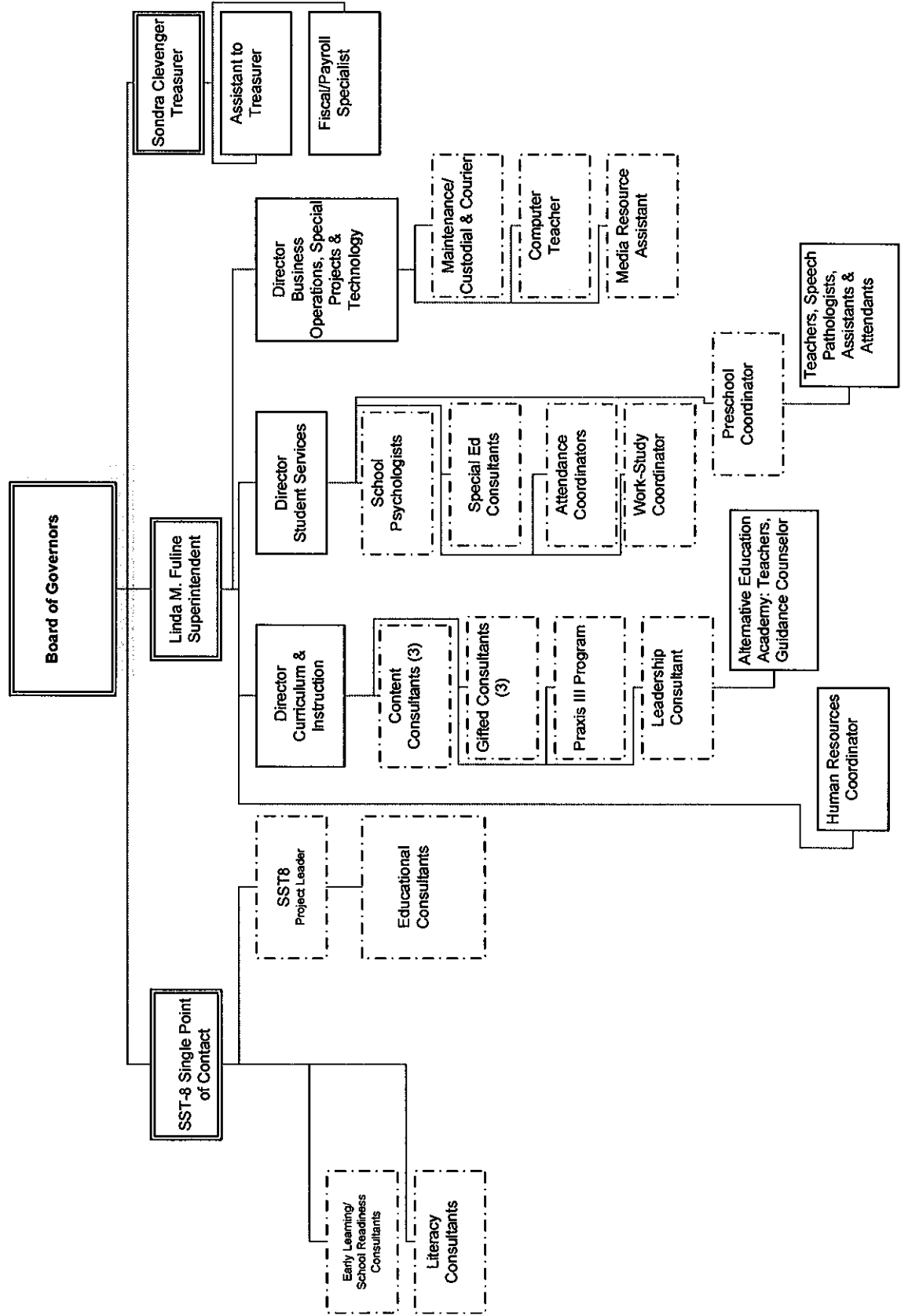
Chief Fiscal Officer

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, 2008

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.



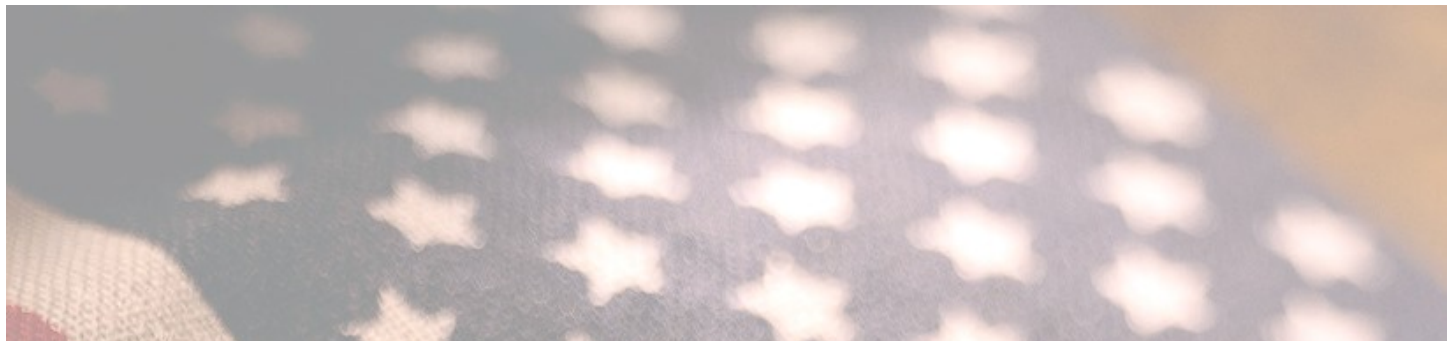
A handwritten signature in black ink, appearing to read "M. L. R.", is written over the printed name.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written over the printed name.

Executive Director



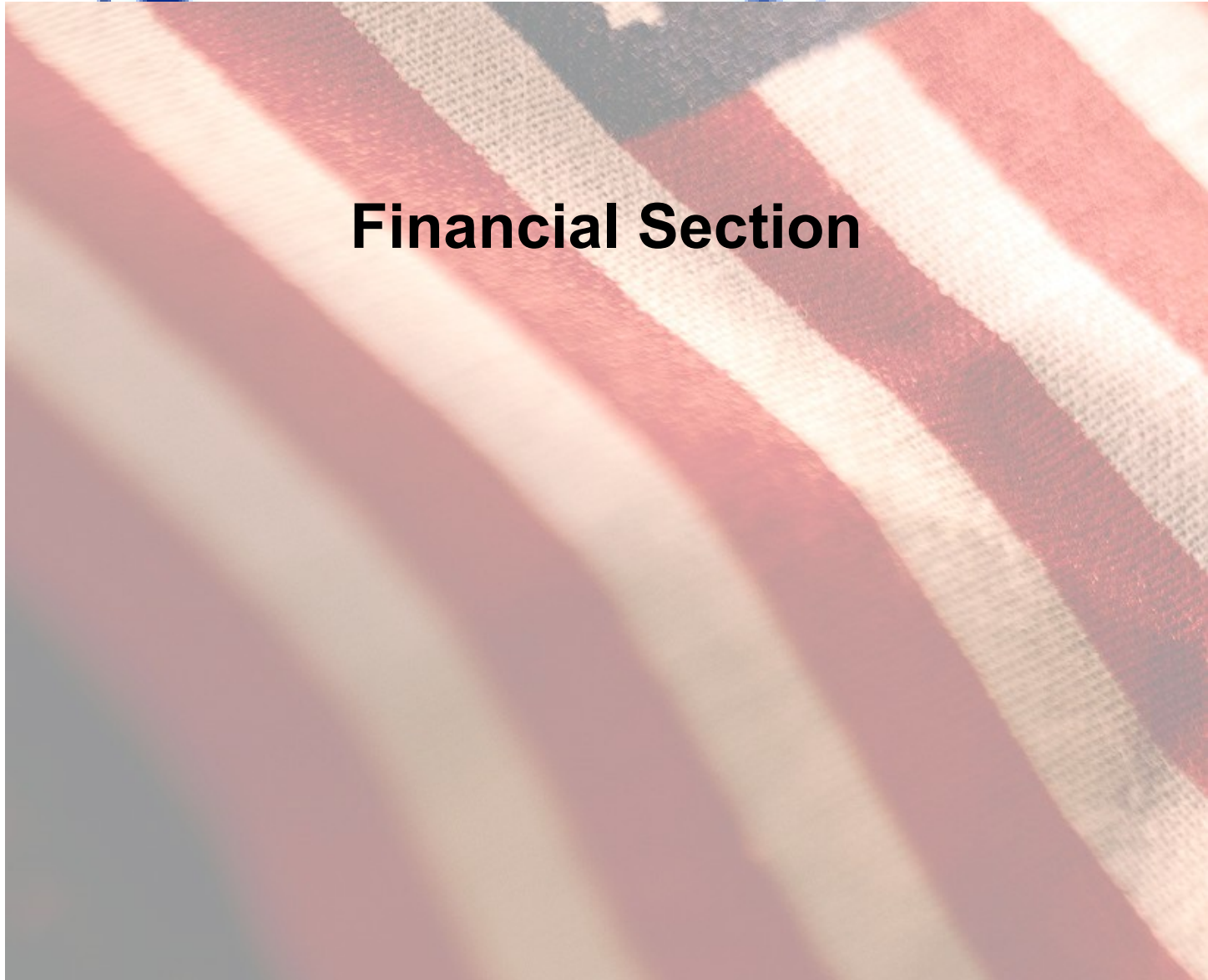


Summit County

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# Educational Service Center

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**Financial Section**





# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 23, 2009

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, 2009, 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, 2009, and the respective changes in financial position 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 23, 2009 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 accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 combining and individual nonmajor fund financial statements and other schedules, listed in the table contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected 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.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Hea & Associates, Inc.*

## *Summit County Educational Service Center*

### Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2009

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, 2009. 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 2009 are as follows:

- In total, net assets increased \$246,650. This represents a 3.2% increase from fiscal year 2008.
- Total assets increased \$247,892, or 2.4% as compared to fiscal 2008. Total liabilities increased \$1,242 or .1% as compared to fiscal 2008.
- General revenues accounted for \$2,495,261 in revenue, or 17.5% of all revenues. Program specific revenues, in the form of charges for services and operating grants and contributions accounted for \$11,740,896 or 82.5% of all revenues.
- The General fund, the Service Center's largest major fund, has \$10,089,565 in revenues, or 73.3% of total governmental revenues and \$10,383,962 in expenditures or 68.1% of total governmental expenditures. The General fund's balance decreased \$294,397 during fiscal year 2009.

### **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.

## *Summit County Educational Service Center*

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2009

### **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 2009. 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.

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, 2009

**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 2009 compared to 2008:

*Table 1*  
*Net Assets*

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Current and other assets	\$ 8,457,702	\$ 9,370,113
Capital assets	<u>2,143,099</u>	<u>982,796</u>
Total assets	<u>10,600,801</u>	<u>10,352,909</u>
<b>Liabilities:</b>		
Long-term liabilities	1,357,234	1,448,828
Other liabilities	<u>1,302,195</u>	<u>1,209,359</u>
Total liabilities	<u>2,659,429</u>	<u>2,658,187</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	957,966	956,526
Restricted	471,531	1,864,256
Unrestricted	<u>6,511,875</u>	<u>4,873,940</u>
Total net assets	<u>\$ 7,941,372</u>	<u>\$ 7,694,722</u>

Total assets increased \$247,892 or 2.4%, as compared to fiscal year 2008. The primary increase was due to capital asset additions exceeding depreciation and a decrease in cash held with escrow agent due to the completion of the HVAC heating and cooling project. Liabilities increased \$1,242 or .1%, as compared to fiscal year 2008. There was no significant cause for this increase. Overall net assets of the Service Center have increased by \$246,650, or 3.2% as compared to fiscal year 2008.

*Summit County Educational Service Center*  
 Management's Discussion and Analysis  
 For Fiscal Year Ended June 30, 2009

Table 2 reflects the changes in net assets for fiscal year 2009 compared to fiscal year 2008.

*Table 2*  
*Changes In Net Assets*

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 8,295,961	\$ 7,635,805
Operating grants, contributions and interest	3,444,935	3,281,395
General revenues		
Grants and entitlements	2,406,256	2,302,630
Investment earnings	65,048	228,370
Miscellaneous	23,957	49,115
Total revenues	<u>14,236,157</u>	<u>13,497,315</u>
<b>Program Expenses</b>		
Instruction		
Regular	605,811	540,996
Special	3,373,034	2,998,717
Vocational	65,783	60,090
Adult/continuing	1,550	1,215
Support services		
Pupils	2,883,336	2,964,052
Instructional staff	4,624,215	3,204,321
Board of governors	60,635	69,199
Administration	1,226,557	1,332,565
Fiscal	332,287	307,573
Business	42,141	42,678
Operation and maintenance of plant	427,400	210,114
Central	253,570	226,744
Extracurricular activities	43,959	12,696
Interest and fiscal charges	49,229	1,778
Total expenses	<u>13,989,507</u>	<u>11,972,738</u>
Change in net assets	246,650	1,524,577
Net assets, beginning of year	<u>7,694,722</u>	<u>6,170,145</u>
Net assets, end of year	<u>\$ 7,941,372</u>	<u>\$ 7,694,722</u>



## *Summit County Educational Service Center*

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2009

### **Governmental Activities**

A review of Table 2 reflects total revenues of \$14,236,157, which was an increase of \$738,842 as compared to 2008. The primary increase in revenues was attributed to an increase in charges for services of \$660,156. While cash collections remained consistent with the prior year, there was a significant increase in receivables at June 30, 2009.

The cost of instructional services was \$4,046,178, or 28.9% 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 2008 by \$445,160, or 12.4%. 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 \$7,507,551, or 53.7% as compared to the total expenses of the Service Center. These expenses increased \$1,339,178 or 21.7% as compared to 2008. The primary cause to the overall increase in expenses was caused by the increase in instructional staff programs using grant revenues.

Board of governors, administration, fiscal and business include expenses associated with administrative and financial supervision of the Service Center. These expenses totaled \$1,661,620 or 11.9% of the total expenses of the Service Center. These expenses only decreased \$90,395 as compared to 2008. The primary program decrease in this area was a decrease in administration expenses.

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.

*Summit County Educational Service Center*  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2009

*Table 3*  
*Governmental Activities*

	Total Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2009	Net Cost of Services 2008
<b>Program Expenses</b>				
Instruction				
Regular	\$ 605,811	\$ 540,996	\$ 27,726	\$ 53,131
Special	3,373,034	2,998,717	(575,742)	(538,317)
Vocational	65,783	60,090	(5,695)	2,875
Adult/continuing	1,550	1,215	(1,550)	7
Support services				
Pupils	2,883,336	2,964,052	(284,174)	(210,270)
Instructional staff	4,624,215	3,204,321	(697,659)	(64,355)
Board of governors	60,635	69,199	(60,635)	(69,199)
Administration	1,226,557	1,332,565	(345,805)	1,845
Fiscal	332,287	307,573	(28,548)	(9,535)
Business	42,141	42,678	(38,013)	(42,678)
Operation and maintenance of plant	427,400	210,114	(128,094)	(161,092)
Central	253,570	226,744	(57,592)	(17,264)
Extracurricular activities	43,959	12,696	(3,601)	1,092
Interest and fiscal charges	49,229	1,778	(49,229)	(1,778)
Total expenses	<u>\$ 13,989,507</u>	<u>\$ 11,972,738</u>	<u>\$ (2,248,611)</u>	<u>\$ (1,055,538)</u>

The dependence upon general revenues for governmental activities is apparent, with 16.4% 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 \$13,769,655 and expenditures were \$15,244,270, which would indicate that the Service Center was not able to meet current costs for fiscal year 2009, primarily due to completion of the HVAC heating and cooling project.

The general fund balanced decreased during fiscal year 2009 by \$294,397, or 5.4%, as compared to 2008. The primary factor contributing to this decrease was a decrease in tuition and fees revenues while costs continue to rise.

The educational regional service system special revenue fund balance during fiscal year 2009 decreased by \$14,804 or 11.2%, as compared to 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. This decrease was due to an increase in expenses, specifically instructional staff.

## *Summit County Educational Service Center*

### Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2009

The permanent improvements capital projects fund balance decreased during fiscal year 2009 by \$1,228,981. 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 project was completed in fiscal year 2009.

### **Capital Assets**

At the end of fiscal year 2009, the Service Center had \$2,143,099 invested in capital assets. Table 4 reflects fiscal year 2009 balances compared to fiscal year 2008 amounts:

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

	Governmental Activities	
	2009	2008
Land	\$ 207,778	\$ 207,778
Furniture and equipment	151,918	181,184
Building and improvements	1,778,136	585,933
Vehicles	5,267	7,901
Total capital assets	<u>\$ 2,143,099</u>	<u>\$ 982,796</u>

Overall the value of capital assets increased over the prior year due to the current year capital asset additions exceeding the current year depreciation, due to the completion of the HVAC heating and cooling project. See Note 5 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 \$1,185,133. Lease balances consisted of four copiers and a lease-purchase agreement for HVAC heating and cooling project. See Note 10 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, 2009

### **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, 2009**

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Investments	\$ 6,122,436
Receivables:	
Accounts	7,371
Intergovernmental	2,327,895
Nondepreciable Capital Assets	207,778
Depreciable Capital Assets (Net)	<u>1,935,321</u>
<i>Total Assets</i>	<u>10,600,801</u>
 <u>Liabilities:</u>	
Accounts Payable	52,706
Accrued Wages	914,710
Intergovernmental Payable	214,902
Accrued Vacation Leave Payable	101,869
Matured Compensated Absences Payable	18,008
Long-Term Liabilities:	
Due Within One Year	99,734
Due In More Than One Year	<u>1,257,500</u>
<i>Total Liabilities</i>	<u>2,659,429</u>
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	957,966
Restricted for:	
Capital Projects	2,243
Other Purposes	469,288
Unrestricted	<u>6,511,875</u>
<i>Total Net Assets</i>	<u>\$ 7,941,372</u>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2009**

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Revenue and Change in Net Assets
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 605,811	\$ 415,158	\$ 218,379	\$ 27,726
Special	3,373,034	2,755,621	41,671	(575,742)
Vocational	65,783	60,088	-	(5,695)
Adult/Continuing	1,550	-	-	(1,550)
Support Services:				
Pupils	2,883,336	2,501,779	97,383	(284,174)
Instructional Staff	4,624,215	1,453,927	2,472,629	(697,659)
Board of Governors	60,635	-	-	(60,635)
Administration	1,226,557	506,014	374,738	(345,805)
Fiscal	332,287	260,372	43,367	(28,548)
Business	42,141	4,128	-	(38,013)
Operation and Maintenance of Plant	427,400	105,538	193,768	(128,094)
Central	253,570	192,978	3,000	(57,592)
Extracurricular Activities	43,959	40,358	-	(3,601)
Interest and Fiscal Charges	49,229	-	-	(49,229)
<i>Total Governmental Activities</i>	<u>\$ 13,989,507</u>	<u>\$ 8,295,961</u>	<u>\$ 3,444,935</u>	<u>(2,248,611)</u>
<u>General Revenues:</u>				
Grants and Entitlements not Restricted to Specific Programs				2,406,256
Investment Earnings				65,048
Miscellaneous				23,957
<i>Total General Revenues</i>				<u>2,495,261</u>
<i>Change in Net Assets</i>				246,650
<i>Net Assets Beginning of Year</i>				<u>7,694,722</u>
<i>Net Assets End of Year</i>				<u>\$ 7,941,372</u>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

	General	Educational Regional Service System	Permanent Improvements	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Investments	\$ 5,678,191	\$ 119,867	\$ 2,243	\$ 322,135	\$ 6,122,436
Receivables:					
Accounts	7,371	-	-	-	7,371
Interfund	100,499	-	-	-	100,499
Intergovernmental	1,987,188	314,002	-	26,705	2,327,895
<i>Total Assets</i>	<u>\$ 7,773,249</u>	<u>\$ 433,869</u>	<u>\$ 2,243</u>	<u>\$ 348,840</u>	<u>\$ 8,558,201</u>
<u>Liabilities:</u>					
Accounts Payable	\$ 32,457	\$ 11,988	\$ -	\$ 8,261	\$ 52,706
Accrued Wages	778,843	135,502	-	365	914,710
Interfund Payable	-	79,794	-	20,705	100,499
Intergovernmental Payable	175,877	26,766	-	12,259	214,902
Matured Compensated Absences Payable	18,008	-	-	-	18,008
Deferred Revenue	1,630,970	62,798	-	-	1,693,768
<i>Total Liabilities</i>	2,636,155	316,848	-	41,590	2,994,593
<u>Fund Balances:</u>					
Reserved for Encumbrances	90,147	35,689	-	46,231	172,067
Unreserved:					
Designated for budget stabilization	148,863	-	-	-	148,863
Designated for contingencies	250,000	-	-	-	250,000
Undesignated, Reported in:					
General Fund	4,648,084	-	-	-	4,648,084
Special Revenue Funds	-	81,332	-	261,019	342,351
Capital Project Funds	-	-	2,243	-	2,243
<i>Total Fund Balances</i>	<u>5,137,094</u>	<u>117,021</u>	<u>2,243</u>	<u>307,250</u>	<u>5,563,608</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 7,773,249</u>	<u>\$ 433,869</u>	<u>\$ 2,243</u>	<u>\$ 348,840</u>	<u>\$ 8,558,201</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, 2009**

<b>Total Governmental Fund Balances</b>		\$ 5,563,608
 <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.		2,143,099
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Intergovernmental Revenue		1,693,768
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	\$ (172,101)	
Vacation Leave	(101,869)	
Capital Leases	<u>(1,185,133)</u>	
		<u>(1,459,103)</u>
<b>Net Assets of Governmental Activities</b>		<u><u>\$ 7,941,372</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, 2009**

	General	Educational Regional Service System	Permanent Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Intergovernmental	\$ 2,406,065	\$ 2,395,574	\$ -	\$ 1,262,900	\$ 6,064,539
Investment Income	63,171	-	1,877	-	65,048
Tuition and Fees	1,021,296	-	-	-	1,021,296
Charges for Services	6,577,244	8,900	-	10,393	6,596,537
Miscellaneous	21,789	446	-	-	22,235
<b>Total Revenues</b>	<b>10,089,565</b>	<b>2,404,920</b>	<b>1,877</b>	<b>1,273,293</b>	<b>13,769,655</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	459,105	-	-	146,269	605,374
Special	3,203,409	-	-	153,446	3,356,855
Vocational	65,496	-	-	-	65,496
Adult/Continuing	-	-	-	1,550	1,550
<b>Support Services:</b>					
Pupils	2,850,940	17,556	-	43,602	2,912,098
Instructional Staff	2,077,111	1,939,228	-	606,033	4,622,372
Board of Governors	60,635	-	-	-	60,635
Administration	803,519	231,726	-	180,259	1,215,504
Fiscal	281,433	721	-	47,567	329,721
Business	39,721	-	-	-	39,721
Operation and Maintenance of Plant	168,466	214,258	-	-	382,724
Central	208,944	16,235	-	31,000	256,179
Extracurricular Activities	43,959	-	-	-	43,959
Capital Outlay	-	-	1,230,858	-	1,230,858
<b>Debt Service:</b>					
Principal Retirement	71,995	-	-	-	71,995
Interest and Fiscal Charges	49,229	-	-	-	49,229
<b>Total Expenditures</b>	<b>10,383,962</b>	<b>2,419,724</b>	<b>1,230,858</b>	<b>1,209,726</b>	<b>15,244,270</b>
<b>Net Change in Fund Balance</b>	<b>(294,397)</b>	<b>(14,804)</b>	<b>(1,228,981)</b>	<b>63,567</b>	<b>(1,474,615)</b>
<b>Fund Balance (Deficit) at Beginning of Year</b>	<b>5,431,491</b>	<b>131,825</b>	<b>1,231,224</b>	<b>243,683</b>	<b>7,038,223</b>
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$ 5,137,094</b>	<b>\$ 117,021</b>	<b>\$ 2,243</b>	<b>\$ 307,250</b>	<b>\$ 5,563,608</b>

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, 2009**

**Net Change in Fund Balances - Total Governmental Funds** \$ (1,474,615)

*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 capital asset additions exceeded depreciation in the current period.

Capital Asset Additions	\$ 1,260,166	
Current Year Depreciation	<u>(99,863)</u>	1,160,303

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

Intergovernmental Revenue	466,502
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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.

71,995

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	19,599	
Decrease in vacation benefits payable	<u>2,866</u>	<u>22,465</u>

**Change in Net Assets of Governmental Activities** \$ 246,650

***Summit County Educational Service Center***  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2009**

	<u>Agency</u>
<u>Assets:</u>	
Equity in Pooled Cash and Investments	\$ 128,124
Receivables:	
Intergovernmental	<u>575</u>
<i>Total Assets</i>	<u><u>\$ 128,699</u></u>
<u>Liabilities:</u>	
Intergovernmental Payable	\$ 29,460
Undistributed Monies	<u>99,239</u>
<i>Total Liabilities</i>	<u><u>\$ 128,699</u></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, 2008 was 52,665. The Service Center employed 137 certificated employees and 92 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 12.

### **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 June 30, 2009, the School District has implemented GASB Statement No. 52, “*Land and Other Real Estate Held as Investments by Endowments*”, GASB Statement No. 55, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*”, and GASB Statement No. 56, “*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*”.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

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. The effect of interfund activity, within governmental type activities columns has been removed from these 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.

## *Notes to the Basic Financial Statements*

### 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.

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.

# *Summit County Educational Service Center*

## ***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.

Fiduciary funds are reported using the economic resources management and are excluded from the government-wide financial statements.

## ***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.

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.



## *Notes to the Basic Financial Statements*

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.

### ***F. Cash and Investments***

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 investments". 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.

## *Summit County Educational Service Center*

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 “equity in pooled cash and investments”. 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 four months or less.

### ***G. 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 \$1,000. The Service Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

<u><i>Description</i></u>	<u><i>Estimated Lives</i></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>

### ***H. 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.

### ***I. 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.

## *Notes to the Basic Financial Statements*

### ***J. 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 and compensated absences 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.

### ***K. 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.

### ***L. 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.

### ***M. 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.

### ***N. Estimates***

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

# *Summit County Educational Service Center*

## ***O. 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 2009.

### **NOTE 3 - 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 % 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;
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

## *Notes to the Basic Financial Statements*

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 (FDIC), 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 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% 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 \$1,395,560, and the bank balance was \$2,022,273. Of the bank balance, \$252,273 was covered by federal depository insurance. \$1,750,000 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. 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.

Custodial Credit Risk - For an investment, custodial risk is that risk that, in the event of the failure of the counterparty, the Service Center will no longer be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Service Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk- The Service Center's only investment during fiscal year 2009 was in an overnight repurchase account, with a year ending balance of \$4,855,000. This account is not rated by Standard & Poor's or Moody's Investors Service, because underlying securities are exempt.

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.

## Summit County Educational Service Center

Interest is legally required to be placed in the general fund. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$63,171, which includes \$11,918 assigned from other Service Center funds.

### **NOTE 4 – 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:

	<u>Governmental Activities</u>
Preschool excess costs	\$ 1,487,864
Service provided to others	499,324
Grants	340,707
Total Intergovernmental Receivable	<u>\$ 2,327,895</u>

### **NOTE 5 - CAPITAL ASSETS**

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

<u>Governmental Activities</u>	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2009</u>
Capital assets, not being depreciated				
Land	\$ 207,778	\$ -	\$ -	\$ 207,778
Capital assets, being depreciated				
Furniture and equipment	723,473	29,308	-	752,781
Building and improvements	623,334	1,230,858	-	1,854,192
Vehicles	31,376	-	-	31,376
Total capital assets, being depreciated	<u>1,378,183</u>	<u>1,260,166</u>	<u>-</u>	<u>2,638,349</u>
Less: Accumulated depreciation				
Furniture and equipment	(542,289)	(58,574)	-	(600,863)
Building and improvements	(37,401)	(38,655)	-	(76,056)
Vehicles	(23,475)	(2,634)	-	(26,109)
Total accumulated depreciation	<u>(603,165)</u>	<u>(99,863)</u>	<u>-</u>	<u>(703,028)</u>
Total capital assets being depreciated, net	<u>775,018</u>	<u>1,160,303</u>	<u>-</u>	<u>1,935,321</u>
Governmental activities capital assets, net	<u>\$ 982,796</u>	<u>\$ 1,160,303</u>	<u>\$ -</u>	<u>\$ 2,143,099</u>

## *Notes to the Basic Financial Statements*

Depreciation expense was charged to governmental functions as follows:

	<u>Amount</u>
Instruction:	
Special	\$ 11,595
Support services:	
Instructional staff	11,496
Administrative	21,844
Fiscal	1,363
Business	2,634
Operation and maintenance of plant	50,931
Total depreciation expense	\$ 99,863

### **NOTE 6 - INTERFUND TRANSACTIONS**

Interfund balances consisted of the following at June 30, 2009, as reported on the fund financial statements:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 100,499	\$ -
Educational Regional Service System	-	79,794
Other nonmajor governmental funds	-	20,705
	\$ 100,499	\$ 100,499

During the fiscal year, the general fund advanced \$100,499 to the educational regional service system, public school preschool, and EHA preschool grant special revenue funds to cover operational expenses. As of June 30, 2009, all interfund payables outstanding are anticipated to be repaid in fiscal year 2010.

### **NOTE 7 - 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 8 - DEFINED BENEFIT PENSION PLANS**

#### ***A. School Employees Retirement System***

Plan Description - The Service Center contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Service Center is required to contribute at an actuarially determined rate. The current Service Center rate is 14% of annual covered payroll. A portion of the Service Center’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to a statutory maximum amount of 10% for plan members and 14% for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Service Center’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$433,028, \$331,414 and \$298,919, respectively; 100% has been contributed for fiscal year 2009, 2008 and 2007, respectively.

#### ***B. State Teachers Retirement System***

Plan Description - The Service Center participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](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 a member’s lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 % of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.



## *Notes to the Basic Financial Statements*

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10% of their annual covered salaries. The Service Center was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Service Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$826,826, \$711,627 and \$640,370, respectively; 98% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$8,271 made by the Service Center and \$103,357 made by the plan members.

### **NOTE 9 - POSTEMPLOYMENT BENEFITS**

#### ***A. School Employees Retirement System***

Plan Description – The Service Center participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16% of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

The Service Center's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$198,173, \$110,029 and \$161,463, respectively; 29% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

## Summit County Educational Service Center

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75% of covered payroll. The Service Center's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$36,109, \$22,536 and \$22,361, respectively; 29% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

### **B. State Teachers Retirement System**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. The Service Center's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$63,602, \$54,741 and \$49,259, respectively; 98% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

### **NOTE 10 - LONG TERM OBLIGATIONS**

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

	Balance July 1	Additions	Reductions	Balance June 30	Amount due Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 191,700	\$ 6,103	\$ (25,702)	\$ 172,101	\$ 24,740
Capital Leases	1,257,128	0	(71,995)	1,185,133	74,994
Total long term liabilities	<u>\$ 1,448,828</u>	<u>\$ 6,103</u>	<u>\$ (97,697)</u>	<u>\$ 1,357,234</u>	<u>\$ 99,734</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 11 - 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 \$1,279,945; 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.

Principal payments in the current fiscal year totaled \$71,995. 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, 2009:

<u>Year</u>	<u>Amount</u>
2010	\$ 121,224
2011	115,578
2012	109,932
2013	109,931
2014	109,932
2015-2019	549,660
2020-2023	439,729
Total payments	<u>1,555,986</u>
Less amount representing interest	(370,853)
Present value of minimum lease payments	<u><u>\$ 1,185,133</u></u>

**NOTE 12 - 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 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 Service Centers 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. However, in fiscal year 2009, the Service Center reported the residual effects of eliminating asset and liability balances as of June 30, 2008.

## *Summit County Educational Service Center*

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

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/SERCC also assists Service Centers 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/SERCC 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 Service Centers governs MEO/SERCC.

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/SERCC.

### **NOTE 13 – 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 14 - FUND DEFICITS**

As of June 30, 2009, the public school preschool special revenue fund had a deficit fund balance of \$165 and the EHA Preschool grant special revenue fund has a fund deficit of \$35. 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, 2009**

	Other Local	Miscellaneous Local Grants	Management Information System	Public School Preschool
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 115,031	\$ 31,257	\$ -	\$ 2
Receivables:				
Intergovernmental	-	-	-	10,337
<i>Total Assets</i>	<u>\$ 115,031</u>	<u>\$ 31,257</u>	<u>\$ -</u>	<u>\$ 10,339</u>
<u>Liabilities:</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Wages	-	-	-	-
Interfund Payable	-	-	-	10,337
Intergovernmental Payable	-	-	-	167
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,504</u>
<u>Fund Balance:</u>				
Reserved for Encumbrances	50	81	-	-
Unreserved, Undesignated, Reported in Special Revenue Funds	114,981	31,176	-	(165)
<i>Total Fund Balances (Deficit)</i>	<u>115,031</u>	<u>31,257</u>	<u>-</u>	<u>(165)</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 115,031</u>	<u>\$ 31,257</u>	<u>\$ -</u>	<u>\$ 10,339</u>



Entry Year Program	SchoolNet Professional Development	Dual Credit Grant	Miscellaneous State Grants	EHA Preschool Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 23,442	\$ 2,889	\$ 96,242	\$ 4,448	\$ 167	\$ 48,657	\$ 322,135
3,500	-	-	-	10,368	2,500	26,705
<u>\$ 26,942</u>	<u>\$ 2,889</u>	<u>\$ 96,242</u>	<u>\$ 4,448</u>	<u>\$ 10,535</u>	<u>\$ 51,157</u>	<u>\$ 348,840</u>
\$ -	\$ -	\$ 4,090	\$ -	\$ -	\$ 4,171	\$ 8,261
365	-	-	-	-	-	365
-	-	-	-	10,368	-	20,705
298	-	-	-	34	11,760	12,259
<u>663</u>	<u>-</u>	<u>4,090</u>	<u>-</u>	<u>10,402</u>	<u>15,931</u>	<u>41,590</u>
739	-	11,375	4,448	168	29,370	46,231
25,540	2,889	80,777	-	(35)	5,856	261,019
<u>26,279</u>	<u>2,889</u>	<u>92,152</u>	<u>4,448</u>	<u>133</u>	<u>35,226</u>	<u>307,250</u>
<u>\$ 26,942</u>	<u>\$ 2,889</u>	<u>\$ 96,242</u>	<u>\$ 4,448</u>	<u>\$ 10,535</u>	<u>\$ 51,157</u>	<u>\$ 348,840</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, 2009**

	Other Local	Miscellaneous Local Grants	Management Information Systems	Public School Preschool
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 1,750	\$ 3,000	\$ 137,750
Charges for Services	113	10,280	-	-
Total Revenues	<u>113</u>	<u>12,030</u>	<u>3,000</u>	<u>137,750</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	10,195	-	-
Special	113	7,270	-	100,986
Adult/Continuing	-	-	-	-
Support Services:				
Pupils	-	-	-	43,602
Instructional Staff	3,000	-	-	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Central	-	-	3,000	-
Total Expenditures	<u>3,113</u>	<u>17,465</u>	<u>3,000</u>	<u>144,588</u>
<i>Net Change in Fund Balances</i>	(3,000)	(5,435)	-	(6,838)
<i>Fund Balance (Deficit) at Beginning of Year</i>	118,031	36,692	-	6,673
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 115,031</u>	<u>\$ 31,257</u>	<u>\$ -</u>	<u>\$ (165)</u>

<u>Entry Year Program</u>	<u>SchoolNet Professional Development</u>	<u>Dual Credit Grant</u>	<u>Miscellaneous State Grants</u>	<u>EHA Preschool Grant</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 453,660	\$ 2,070	\$ 201,389	\$ 86,944	\$ 41,671	\$ 334,666	\$ 1,262,900
-	-	-	-	-	-	10,393
<u>453,660</u>	<u>2,070</u>	<u>201,389</u>	<u>86,944</u>	<u>41,671</u>	<u>334,666</u>	<u>1,273,293</u>
-	-	122,024	14,050	-	-	146,269
-	-	-	-	45,077	-	153,446
1,550	-	-	-	-	-	1,550
-	-	-	-	-	-	43,602
278,613	1,759	17,099	52,309	-	253,253	606,033
154,553	-	16,000	9,706	-	-	180,259
10,500	-	15,750	3,130	-	18,187	47,567
-	-	-	-	-	28,000	31,000
<u>445,216</u>	<u>1,759</u>	<u>170,873</u>	<u>79,195</u>	<u>45,077</u>	<u>299,440</u>	<u>1,209,726</u>
8,444	311	30,516	7,749	(3,406)	35,226	63,567
17,835	2,578	61,636	(3,301)	3,539	-	243,683
<u>\$ 26,279</u>	<u>\$ 2,889</u>	<u>\$ 92,152</u>	<u>\$ 4,448</u>	<u>\$ 133</u>	<u>\$ 35,226</u>	<u>\$ 307,250</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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,406,744	\$ 2,406,255	\$ (489)
Interest	65,000	63,171	(1,829)
Tuition and Fees	1,310,619	1,310,701	82
Charges for Services	6,824,045	6,470,909	(353,136)
Miscellaneous	25,365	25,365	-
Total Revenues	<u>10,631,773</u>	<u>10,276,401</u>	<u>(355,372)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and Wages	371,950	371,950	-
Fringe Benefits	59,613	59,613	-
Purchased Services	18,210	18,210	-
Materials and Supplies	9,493	4,894	4,599
Capital Outlay - New	1,924	1,924	-
Total Regular	<u>461,190</u>	<u>456,591</u>	<u>4,599</u>
Special:			
Salaries and Wages	2,378,548	2,370,120	8,428
Fringe Benefits	696,138	693,843	2,295
Purchased Services	99,443	81,346	18,097
Materials and Supplies	40,010	28,470	11,540
Total Special	<u>3,214,139</u>	<u>3,173,779</u>	<u>40,360</u>
Vocational:			
Salaries and Wages	45,882	45,882	-
Fringe Benefits	19,037	19,037	-
Total Vocational	<u>64,919</u>	<u>64,919</u>	<u>-</u>
Total Instruction	<u>3,740,248</u>	<u>3,695,289</u>	<u>44,959</u>
Support Services:			
Pupils:			
Salaries and Wages	2,139,020	2,139,020	-
Fringe Benefits	601,408	600,408	1,000
Purchased Services	359,774	139,085	220,689
Materials and Supplies	11,120	9,911	1,209
Total Pupils	<u>3,111,322</u>	<u>2,888,424</u>	<u>222,898</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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Instructional Staff:</b>			
Salaries and Wages	\$ 1,475,159	\$ 1,475,159	\$ -
Fringe Benefits	416,349	416,349	-
Purchased Services	192,164	108,197	83,967
Materials and Supplies	22,593	11,317	11,276
Other	10,000	9,712	288
Capital Outlay	767	607	160
<b>Total Instructional Staff</b>	<b>2,117,032</b>	<b>2,021,341</b>	<b>95,691</b>
<b>Board of Governors:</b>			
Salaries and Wages	9,000	9,000	-
Fringe Benefits	1,436	1,436	-
Purchased Services	35,370	18,389	16,981
Materials and Supplies	600	50	550
Other	42,021	32,416	9,605
<b>Total Board of Governors</b>	<b>88,427</b>	<b>61,291</b>	<b>27,136</b>
<b>Administration:</b>			
Salaries and Wages	246,397	246,397	-
Fringe Benefits	83,904	83,904	-
Purchased Services	716,064	496,768	219,296
Materials and Supplies	2,165	1,315	850
Other	7,545	1,473	6,072
<b>Total Administration</b>	<b>1,056,075</b>	<b>829,857</b>	<b>226,218</b>
<b>Fiscal:</b>			
Salaries and Wages	173,596	170,596	3,000
Fringe Benefits	69,396	69,396	-
Purchased Services	3,200	1,193	2,007
Materials and Supplies	1,800	1,707	93
Other	60,654	41,016	19,638
<b>Total Fiscal</b>	<b>308,646</b>	<b>283,908</b>	<b>24,738</b>
<b>Business:</b>			
Salaries and Wages	6,251	6,251	-
Fringe Benefits	1,038	1,038	-
Purchased Services	22,877	13,127	9,750
Materials and Supplies	34,673	18,283	16,390
<b>Total Business</b>	<b>64,839</b>	<b>38,699</b>	<b>26,140</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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operation and Maintenance of Plant:			
Salaries and Wages	\$ 21,810	\$ 21,810	\$ -
Fringe Benefits	3,125	3,125	-
Purchased Services	234,687	138,994	95,693
Materials and Supplies	53,953	29,654	24,299
Capital Outlay	19,800	13,926	5,874
Payments to Escrow Agents	109,932	109,932	-
Total Operation and Maintenance of Plant	<u>443,307</u>	<u>317,441</u>	<u>125,866</u>
Central:			
Salaries and Wages	98,806	98,806	-
Fringe Benefits	28,661	28,661	-
Purchased Services	223,648	91,718	131,930
Materials and Supplies	615	547	68
Total Central	<u>351,730</u>	<u>219,732</u>	<u>131,998</u>
Total Support Services	<u>7,541,378</u>	<u>6,660,693</u>	<u>880,685</u>
Extracurricular Activities:			
Sports Oriented Activities:			
Salaries and Wages	30,528	30,528	-
Fringe Benefits	5,647	5,647	-
Purchased Services	8,789	7,426	1,363
Total Sports Oriented Activities	<u>44,964</u>	<u>43,601</u>	<u>1,363</u>
Total Extracurricular Activities	<u>44,964</u>	<u>43,601</u>	<u>1,363</u>
Total Expenditures	<u>11,326,590</u>	<u>10,399,583</u>	<u>927,007</u>
Excess of Revenues Over (Under) Expenditures	<u>(694,817)</u>	<u>(123,182)</u>	<u>571,635</u>
<u>Other Financing Sources (Uses):</u>			
Advances In	1,006,939	1,006,939	-
Advances Out	(95,000)	(100,499)	(5,499)
Total Other Financing Sources (Uses)	<u>911,939</u>	<u>906,440</u>	<u>(5,499)</u>
<i>Net Change in Fund Balance</i>	217,122	783,258	566,136
<i>Fund Balance (Deficit) at Beginning of Year</i>	4,590,126	4,590,126	-
<i>Prior Year Encumbrances Appropriated</i>	<u>178,195</u>	<u>178,195</u>	<u>-</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 4,985,443</u>	<u>\$ 5,551,579</u>	<u>\$ 566,136</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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,683,224	\$ 2,824,069	\$ (859,155)
Customer Sales and Services	8,870	8,900	30
Miscellaneous	446	446	-
Total Revenues	3,692,540	2,833,415	(859,125)
<u>Expenditures:</u>			
Current:			
Support Services:			
Pupils			
Purchased Services	4,679	4,489	190
Materials and Supplies	12,025	12,025	-
Total - Pupils	16,704	16,514	190
Instructional Staff:			
Salaries	1,187,417	956,284	231,133
Fringe Benefits	334,844	285,711	49,133
Purchased Services	600,611	405,920	194,691
Materials and Supplies	224,372	188,178	36,194
Capital Outlay	91,891	91,766	125
Total - Instructional Staff	2,439,135	1,927,859	511,276
Administration:			
Salaries	110,514	101,366	9,148
Fringe Benefits	32,634	28,935	3,699
Purchased Services	27,533	25,648	1,885
Materials and Supplies	3,241	3,242	(1)
Other	67,440	67,440	-
Capital Outlay	9,328	9,322	6
Total - Administration	250,690	235,953	14,737
Fiscal:			
Other	721	721	-
Total - Fiscal	721	721	-
Operation and Maintenance of Plant			
Salaries	7,484	7,484	-
Fringe Benefits	1,607	1,607	-
Purchased Services	225,758	204,832	20,926
Materials and Supplies	400	400	-
Total - Operation and Maintenance of Plant	235,249	214,323	20,926

(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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Central			
Purchased Services	\$ 47,085	\$ 4,235	\$ 42,850
Other	12,000	12,000	-
Total - Other	<u>59,085</u>	<u>16,235</u>	<u>42,850</u>
Total - Support Services:	<u>3,001,584</u>	<u>2,411,605</u>	<u>589,979</u>
Total Expenditures	<u>3,001,584</u>	<u>2,411,605</u>	<u>589,979</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	690,956	421,810	(269,146)
Advances In	4,795	84,589	79,794
Advances Out	<u>(812,174)</u>	<u>(812,174)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(116,423)	(305,775)	(189,352)
<i>Fund Balance (Deficit) at Beginning of Year</i>	6,219	6,219	-
<i>Prior Year Encumbrances Appropriated</i>	<u>369,040</u>	<u>369,040</u>	<u>-</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 258,836</u>	<u>\$ 69,484</u>	<u>\$ (189,352)</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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Customer Sales and Services	\$ 113	\$ 113	\$ -
Total Revenues	<u>113</u>	<u>113</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Purchased Services	369	163	206
Support Services:			
Instructional Staff:			
Purchased Services	4,000	3,000	1,000
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>117,663</u>	<u>3,000</u>	<u>114,663</u>
Total Expenditures	<u>118,032</u>	<u>3,163</u>	<u>114,869</u>
<i>Net Change in Fund Balance</i>	(117,919)	(3,050)	114,869
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>118,032</u>	<u>118,032</u>	<u>-</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 113</u>	<u>\$ 114,982</u>	<u>\$ 114,869</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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 1,750	\$ 1,750	\$ -
Customer Sales and Services	10,280	10,280	-
<b>Total Revenues</b>	<b>12,030</b>	<b>12,030</b>	<b>0</b>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased Services	2,883	2,883	-
Materials and Supplies	7,397	7,393	4
	10,280	10,276	4
Special:			
Materials and Supplies	9,490	7,270	2,220
<b>Total Instruction</b>	<b>19,770</b>	<b>17,546</b>	<b>2,224</b>
Support Services:			
Instructional Staff:			
Purchased Services	22,270	-	22,270
Materials and Supplies	6,684	-	6,684
<b>Total Instructional Staff</b>	<b>28,954</b>	<b>-</b>	<b>28,954</b>
<b>Total Expenditures</b>	<b>48,724</b>	<b>17,546</b>	<b>31,178</b>
<i>Net Change in Fund Balance</i>	(36,694)	(5,516)	(31,178)
<i>Fund Balance (Deficit) Beginning of Year</i>	36,694	36,694	-
<i>Fund Balance (Deficit) at End of Year</i>	\$ -	\$ 31,178	\$ 31,178

***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, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<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>	<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**  
**Public School Preschool Fund**  
**For the Fiscal Year Ended June 30, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 157,853	\$ 140,643	\$ (17,210)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special			
Salaries and Wages	84,208	84,208	-
Fringe Benefits	14,095	14,095	-
Materials and Supplies	2,516	2,516	-
	<u>100,819</u>	<u>100,819</u>	<u>-</u>
Support Services:			
Pupils:			
Purchased Services	43,602	43,602	-
	<u>144,421</u>	<u>144,421</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	13,432	(3,778)	(17,210)
<u>Other Financing Sources and (Uses):</u>			
Advances In	-	10,337	10,337
Advances Out	(8,075)	(8,075)	-
Total Other Financing Sources and (Uses):	<u>(8,075)</u>	<u>2,262</u>	<u>10,337</u>
<i>Net Change in Fund Balance</i>	5,357	(1,516)	(6,873)
<i>Fund Balance (Deficit) Beginning of Year</i>	-	-	-
<i>Prior Year Encumbrances Appropriated</i>	<u>1,516</u>	<u>1,516</u>	<u>-</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 6,873</u>	<u>\$ -</u>	<u>\$ (6,873)</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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 450,160	\$ 450,160	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Adult/Continuing:			
Purchased Services	1,550	1,550	-
Support Services:			
Instructional Staff:			
Purchased Services	275,889	270,900	4,989
Materials and Supplies	33,170	31,304	1,866
Total Instructional Staff	309,059	302,204	6,855
Administration:			
Salaries	123,019	113,644	9,375
Fringe Benefits	30,623	26,828	3,795
Purchased Services	14,091	12,344	1,747
Materials and Supplies	2,909	2,176	733
Total Administration	170,642	154,992	15,650
Fiscal:			
Purchased Services	10,500	10,500	-
Total Fiscal	10,500	10,500	-
Total Support Services:	490,201	467,696	22,505
Total Expenditures	491,751	469,246	22,505
<i>Net Change in Fund Balance</i>	(41,591)	(19,086)	22,505
<i>Fund Balance (Deficit) Beginning of Year</i>	6,799	6,799	-
<i>Prior Year Encumbrances Appropriated</i>	34,992	34,992	-
<i>Fund Balance (Deficit) at End of Year</i>	\$ 200	\$ 22,705	\$ 22,505

***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, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues:</u>			
Intergovernmental	\$ 2,070	\$ 2,070	\$ -
<u>Expenditures:</u>			
Current:			
Support Services:			
Instructional Staff:			
Purchased Services	2,578	1,759	819
Total Expenditures	2,578	1,759	819
<i>Net Change in Fund Balance</i>	(508)	311	819
<i>Fund Balance (Deficit) Beginning of Year</i>	2,578	2,578	-
<i>Prior Year Encumbrances Appropriated</i>	-	-	-
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 2,070</u>	<u>\$ 2,889</u>	<u>\$ 819</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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 387,563	\$ 374,640	\$ (12,923)
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular:			
Purchased Services	224,703	165,535	59,168
Materials and Supplies	27,357	27,357	-
Capital Outlay	9,400	9,400	-
	<u>261,460</u>	<u>202,292</u>	<u>59,168</u>
Support Services:			
Instructional Staff:			
Purchased Services	35,519	13,909	21,610
Total Pupils	<u>35,519</u>	<u>13,909</u>	<u>21,610</u>
Administration:			
Purchased Services	16,000	16,000	-
Fiscal:			
Purchased Services	15,750	15,750	-
Total Expenditures	<u>328,729</u>	<u>247,951</u>	<u>80,778</u>
Excess of Revenues Over (Under) Expenditures	<u>58,834</u>	<u>126,689</u>	<u>67,855</u>
<b>Other Financing Sources and (Uses):</b>			
Advances Out	<u>(163,770)</u>	<u>(163,770)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(104,936)	(37,081)	67,855
<i>Fund Balance (Deficit) Beginning of Year</i>	1,515	1,515	-
<i>Prior Year Encumbrances Appropriated</i>	<u>116,345</u>	<u>116,345</u>	<u>-</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 12,924</u>	<u>\$ 80,779</u>	<u>\$ 67,855</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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 87,417	\$ 87,417	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased Services	16,550	16,550	-
Support Services:			
Support Services:			
Instructional Staff:			
Purchased Services	45,088	45,088	-
Materials and Supplies	8,671	8,671	-
Total - Instructional Staff	53,759	53,759	-
Administration:			
Purchased Services	6,898	6,898	-
Materials and Supplies	3,306	3,306	-
Total Administration	10,204	10,204	-
Fiscal:			
Purchased Services	630	630	-
Other	2,500	2,500	-
Total Fiscal	3,130	3,130	-
Total Support Services	67,093	67,093	-
Total Expenditures	83,643	83,643	-
Excess of Revenues Over (Under) Expenditures	3,774	3,774	-
<u>Other Financing Sources and (Uses):</u>			
Advances Out	(10,279)	(10,279)	-
Refund of Prior Year Receipts	(473)	(473)	-
<i>Net Change in Fund Balance</i>	(6,978)	(6,978)	-
<i>Fund Balance (Deficit) Beginning of Year</i>	6,366	6,366	-
<i>Fund Balance (Deficit) Beginning of Year</i>	612	612	-
<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**  
**EHA Preschool Grant Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues:</u>			
Intergovernmental	\$ 48,814	\$ 38,446	\$ (10,368)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special			
Salaries and Wages	28,895	28,895	-
Fringe Benefits	5,184	5,184	-
Purchased Services	3,750	3,750	-
Materials and Supplies	7,827	7,827	-
Total Special	<u>45,656</u>	<u>45,656</u>	<u>-</u>
Total Expenditures	<u>45,656</u>	<u>45,656</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>3,158</u>	<u>(7,210)</u>	<u>(10,368)</u>
<u>Other Financing Sources and (Uses):</u>			
Advances In	-	10,368	10,368
Advances Out	<u>(4,572)</u>	<u>(4,572)</u>	<u>-</u>
Total Other Financing Sources and (Uses):	<u>(4,572)</u>	<u>5,796</u>	<u>10,368</u>
<i>Net Change in Fund Balance</i>	(1,414)	(1,414)	-
<i>Fund Balance (Deficit) Beginning of Year</i>	-	-	-
<i>Prior Year Encumbrances Appropriated</i>	<u>1,414</u>	<u>1,414</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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 341,002	\$ 332,166	\$ (8,836)
<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	248,201	235,965	12,236
Materials and Supplies	19,909	19,953	(44)
Total - Instructional Staff	<u>294,815</u>	<u>282,623</u>	<u>12,192</u>
Fiscal:			
Purchased Services	<u>18,187</u>	<u>18,187</u>	<u>-</u>
Central:			
Purchased Services	28,000	28,000	-
Total Support Services	<u>341,002</u>	<u>328,810</u>	<u>12,192</u>
Total Expenditures	<u>341,002</u>	<u>328,810</u>	<u>12,192</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>3,356</u>	<u>3,356</u>
<u>Other Financing Sources and (Uses):</u>			
Advances Out	<u>(12,864)</u>	<u>(12,864)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(12,864)	(9,508)	3,356
<i>Prior Year Encumbrances Appropriated</i>	<u>12,864</u>	<u>12,864</u>	<u>-</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ -</u>	<u>\$ 3,356</u>	<u>\$ 3,356</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, 2009**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Investment Income	\$ 2,243	\$ 2,243	\$ -
Total Revenues	<u>2,243</u>	<u>2,243</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Building Improvement Services	<u>1,231,223</u>	<u>1,230,858</u>	<u>(365)</u>
Total Expenditures	<u>1,231,223</u>	<u>1,230,858</u>	<u>(365)</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,228,980)</u>	<u>(1,228,615)</u>	<u>(365)</u>
<u>Other Financing Sources and (Uses):</u>			
Inception of Capital Lease	<u>1,230,858</u>	<u>1,230,858</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	1,878	2,243	(365)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,878</u>	<u>\$ 2,243</u>	<u>\$ 365</u>

***Summit County Educational Service Center***  
**Budgetary Notes**  
**For the Fiscal Year Ended June 30, 2009**

**NOTE 1 – BUDGETARY PROCESS**

The Service Center is no longer required under State statute to file budgetary information with the State Department of Education. However, the Service Center's Board does follow the budgetary process for control purposes.

The Service Center's Governing Board budgets for resources estimated to be received during the fiscal year. The estimated revenues may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of the estimated revenues when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of the estimated revenues in effect at the time final appropriations were passed by the Governing Board.

The Service Center's Governing Board adopts an annual appropriations resolution, which is the Board's authorization to spend resources and sets annual limits at the level of control selected by the Governing Board. The level of control has been established by the Governing Board at the fund level for 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 statement represent the final appropriation amounts passed by the Governing Board during the fiscal year.

**NOTE 2 - BUDGETARY BASIS OF ACCOUNTING**

While 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 is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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).

**Summit County Educational Service Center**  
**Budgetary Notes**  
**For the Fiscal Year Ended June 30, 2009**

3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an accounts payable (GAAP basis).
  
4. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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:

	Net Change In Fund Balance	
	General	Educational Regional Service System
GAAP Basis	\$ (294,397)	\$ (14,804)
Net Revenue Accruals	1,193,775	513,083
Net Expenditure Accruals	10,509	(753,670)
Encumbrances (Budget Basis), outstanding at year end	(126,629)	(50,384)
Budget Basis	<u>\$ 783,258</u>	<u>\$ (305,775)</u>

## **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, 2009**

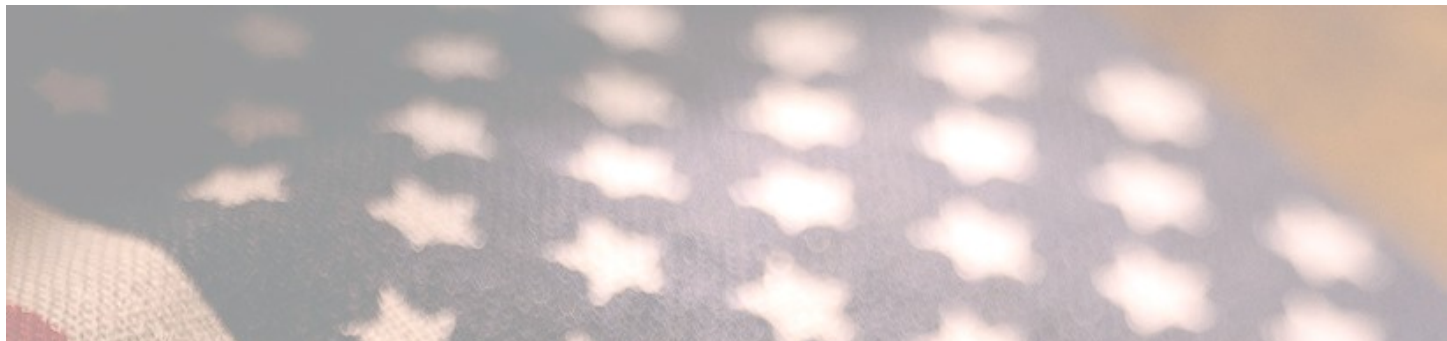
	Service Center Agency	MEO/SERCC	NEOnet	Employee Benefits	Total Agency Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 98,664	\$ -	\$ -	\$ 29,460	\$ 128,124
Intergovernmental Receivable	575	-	-	-	575
<i>Total Assets</i>	<u>\$ 99,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,460</u>	<u>\$ 128,699</u>
 <u>Liabilities:</u>					
Intergovernmental Payable	\$ -	\$ -	\$ -	\$ 29,460	\$ 29,460
Undistributed Monies	99,239	-	-	-	99,239
<i>Total Liabilities</i>	<u>\$ 99,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,460</u>	<u>\$ 128,699</u>



**Summit County Educational Service Center**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the Fiscal Year Ended June 30, 2009**

	Beginning Balance 7/1/08	Additions	Deductions	Ending Balance 6/30/09
<b>Service Center Agency</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 112,164	\$ 3,500	\$ 17,000	\$ 98,664
Intergovernmental Receivable	-	575	-	575
Total Assets	<u>\$ 112,164</u>	<u>\$ 4,075</u>	<u>\$ 17,000</u>	<u>\$ 99,239</u>
<u>Liabilities:</u>				
Undistributed Monies	\$ 112,164	\$ -	\$ 12,925	\$ 99,239
Total Liabilities	<u>\$ 112,164</u>	<u>\$ -</u>	<u>\$ 12,925</u>	<u>\$ 99,239</u>
<b>MEO/SERCC</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 57,783	\$ -	\$ 57,783	\$ -
Total Assets	<u>\$ 57,783</u>	<u>\$ -</u>	<u>\$ 57,783</u>	<u>\$ -</u>
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Undistributed Monies	57,783	-	57,783	-
Total Liabilities	<u>\$ 57,783</u>	<u>\$ -</u>	<u>\$ 57,783</u>	<u>\$ -</u>
<b>NEOnet</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,572,413	\$ 5	\$ 1,572,418	\$ -
Total Assets	<u>\$ 1,572,413</u>	<u>\$ 5</u>	<u>\$ 1,572,418</u>	<u>\$ -</u>
<u>Liabilities:</u>				
Accrued Wages	\$ 36,066	\$ -	\$ 36,066	\$ -
Accrued Vacation Payable	69,939	-	69,939	-
Intergovernmental Payable	18,438	1,026	19,464	-
Undistributed Monies	1,447,970	125,474	1,573,444	-
Total Liabilities	<u>\$ 1,572,413</u>	<u>\$ 126,500</u>	<u>\$ 1,698,913</u>	<u>\$ -</u>
<b>Employee Benefits</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 26,461	\$ 313,097	\$ 310,098	\$ 29,460
Total Assets	<u>\$ 26,461</u>	<u>\$ 313,097</u>	<u>\$ 310,098</u>	<u>\$ 29,460</u>
<u>Liabilities:</u>				
Intergovernmental Payable	\$ 26,461	\$ 5,220	\$ 2,221	\$ 29,460
Total Liabilities	<u>\$ 26,461</u>	<u>\$ 5,220</u>	<u>\$ 2,221</u>	<u>\$ 29,460</u>
<b>Total - All Agency Funds</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,768,821	\$ 316,602	\$ 1,957,299	\$ 128,124
Intergovernmental Receivable	-	575	-	575
Total Assets	<u>\$ 1,768,821</u>	<u>\$ 317,177</u>	<u>\$ 1,957,299</u>	<u>\$ 128,699</u>
<u>Liabilities:</u>				
Accrued Wages	\$ 36,066	\$ -	\$ 36,066	\$ -
Accrued Vacation Leave Payable	69,939	-	69,939	-
Intergovernmental Payable	44,899	6,246	21,685	29,460
Undistributed Monies	1,617,917	125,474	1,644,152	99,239
Total Liabilities	<u>\$ 1,768,821</u>	<u>\$ 131,720</u>	<u>\$ 1,771,842</u>	<u>\$ 128,699</u>

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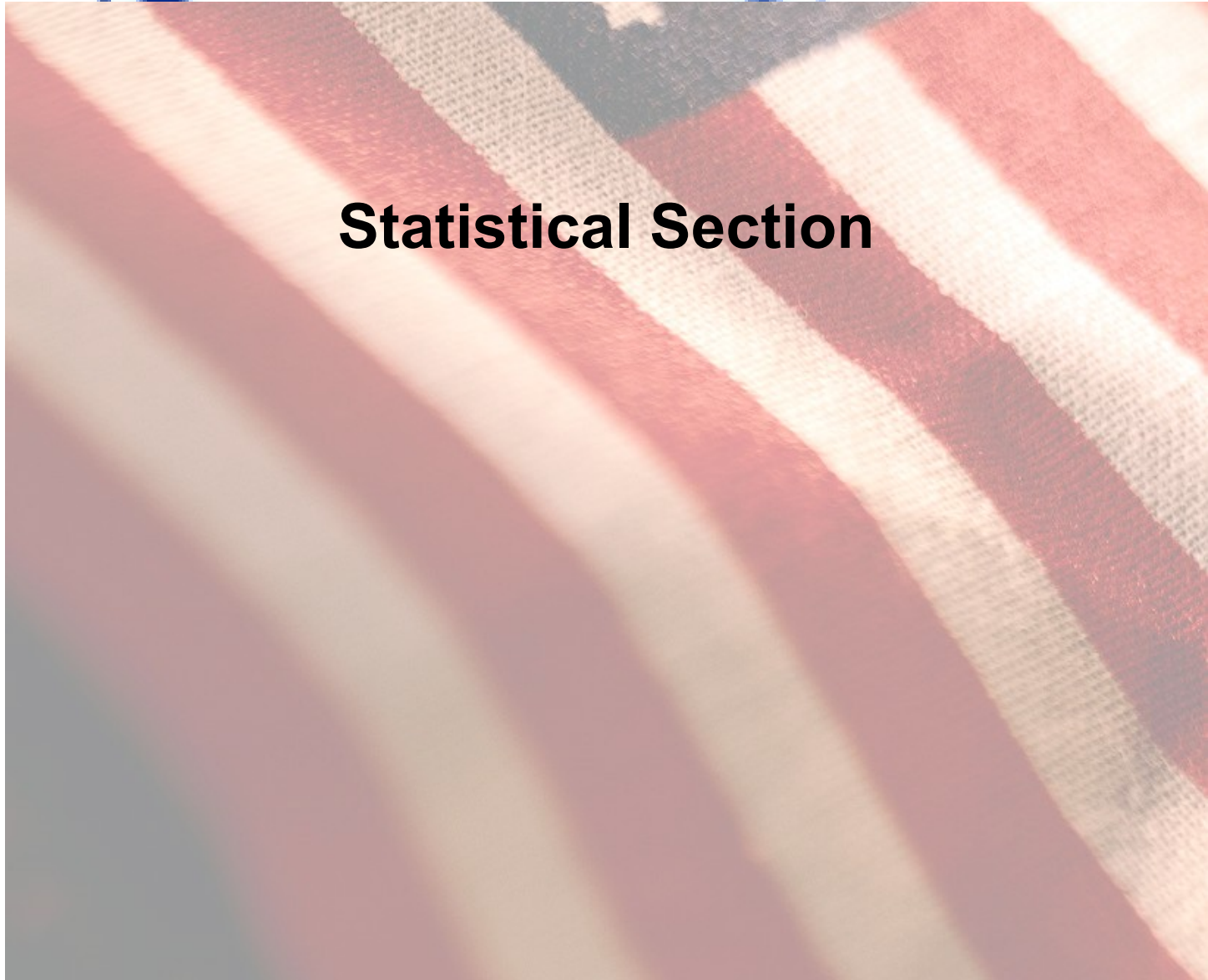


Summit County

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# Educational Service Center

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**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.

### Statistical Section Contents

### Page

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the ESC's financial performance has changed over time.

66-73

#### **Revenue Capacity**

These schedules contain information to help the reader assess the affordability of the ESC's most significant local revenue source, "charges for services".

74

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within the ESC's financial activities take place.

75-83

#### **Operating**

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.

84-85

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<i>Governmental Activities:</i>				
Invested in Capital Assets, Net of Related Debt	\$ 957,966	\$ 956,526	\$ 993,685	\$ 1,022,788
Restricted	471,531	1,864,256	272,331	166,267
Unrestricted	<u>6,511,875</u>	<u>4,873,940</u>	<u>4,904,129</u>	<u>4,051,896</u>
Total Governmental Activities Net Assets	<u>\$ 7,941,372</u>	<u>\$ 7,694,722</u>	<u>\$ 6,170,145</u>	<u>\$ 5,240,951</u>
<i>Primary Government:</i>				
Invested in Capital Assets, Net of Related Debt	\$ 957,966	\$ 956,526	\$ 993,685	\$ 1,022,788
Restricted	471,531	1,864,256	272,331	166,267
Unrestricted	<u>6,511,875</u>	<u>4,873,940</u>	<u>4,904,129</u>	<u>4,051,896</u>
Total Primary Government Net Assets	<u>\$ 7,941,372</u>	<u>\$ 7,694,722</u>	<u>\$ 6,170,145</u>	<u>\$ 5,240,951</u>

Source: FY2002- FY2009 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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 234,052	\$ 271,113	\$ 445,989	\$ 332,699
212,594	377,156	294,129	274,906
<u>4,733,283</u>	<u>4,425,527</u>	<u>4,013,451</u>	<u>3,560,133</u>
<u>\$ 5,179,929</u>	<u>\$ 5,073,796</u>	<u>\$ 4,753,569</u>	<u>\$ 4,167,738</u>
\$ 234,052	\$ 271,113	\$ 445,989	\$ 332,699
212,594	377,156	294,129	274,906
<u>4,733,283</u>	<u>4,425,527</u>	<u>4,013,451</u>	<u>3,560,133</u>
<u>\$ 5,179,929</u>	<u>\$ 5,073,796</u>	<u>\$ 4,753,569</u>	<u>\$ 4,167,738</u>

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

	2009	2008	2007	2006
<b>Primary Government:</b>				
<u>Expenses:</u>				
Governmental Activities:				
Instruction:				
Regular	\$ 605,811	\$ 540,996	\$ 369,429	\$ 349,962
Special	3,373,034	2,998,717	2,904,473	2,359,153
Vocational	65,783	60,090	58,931	56,693
Adult/Continuing	1,550	1,215	1,888	4,739
Support Services:				
Pupils	2,883,336	2,964,052	2,586,241	2,413,522
Instructional Staff	4,624,215	3,204,321	2,284,496	2,256,066
Board of Governors	60,635	69,199	55,669	58,371
Administration	1,226,557	1,332,565	846,333	778,517
Fiscal	332,287	307,573	270,605	249,872
Business	42,141	42,678	63,513	45,152
Operation and Maintenance of Plant	427,400	210,114	123,790	106,250
Pupil Transportation	-	226,744	-	-
Central	253,570	12,696	248,083	207,542
Extracurricular Activities	43,959	1,778	19,638	13,166
Interest and fiscal charges	49,229	-	2,299	1,545
Total Governmental Activities - Expenses	<u>13,989,507</u>	<u>11,972,738</u>	<u>9,835,388</u>	<u>8,900,550</u>
<u>Program Revenues:</u>				
Governmental Activities:				
<u>Charges for Services:</u>				
Instruction:				
Regular	\$ 415,158	\$ 300,784	\$ 161,796	\$ 121,485
Special	2,755,621	2,342,484	2,312,742	1,737,617
Vocational	60,088	50,568	145,649	109,360
Adult/Continuing	-	-	6,156	4,622
Support Services:				
Pupils	2,501,779	2,369,294	1,736,547	1,303,883
Instructional Staff	1,453,927	1,463,840	1,287,488	966,602
Board of Governors	-	58,051	2,198	1,650
Administration	506,014	523,350	1,088,987	817,664
Fiscal	260,372	225,858	40,654	30,525
Business	4,128	34,815	3,078	2,311
Operation and Maintenance of Plant	105,538	109,400	4,837	3,632
Central	192,978	157,361	231,928	174,141
Extracurricular	40,358	-	-	-
<u>Operating Grants and Contributions</u>				
Instruction:				
Regular	218,379	219,603	94,038	459,995
Special	41,671	149,113	181,428	218,335
Vocational	-	-	-	-
Adult/Continuing	-	1,222	-	-
Support services:				
Pupils	97,383	123,746	-	29,299
Instructional Staff	2,472,629	1,734,960	384,365	121,223
Board of governors	-	-	-	-
Administration	374,738	986,919	281,165	-
Fiscal	43,367	16,810	-	-
Operation and Maintenance of Plant	193,768	49,022	-	-
Pupil transportation	-	-	-	-
Central	3,000	-	3,000	482
<b>Total Governmental Activities Program Revenues</b>	<u>11,740,896</u>	<u>10,917,200</u>	<u>7,966,056</u>	<u>6,102,826</u>
Net (expense)/revenue	(2,248,611)	(1,055,538)	(1,869,332)	(2,797,724)
<u>General Revenues and Other Changes in Net Assets</u>				
Grants and Entitlements not Restricted				
to Specific Programs	2,406,256	2,302,630	2,441,160	2,487,564
Investment Earnings	65,048	228,370	329,136	255,665
Miscellaneous	23,957	49,115	28,230	115,517
<b>Total Governmental Activities</b>	<u>2,495,261</u>	<u>2,580,115</u>	<u>2,798,526</u>	<u>2,858,746</u>
<u>Change in Net Assets:</u>				
Governmental Activities	<u>\$ 246,650</u>	<u>\$ 1,524,577</u>	<u>\$ 929,194</u>	<u>\$ 61,022</u>

Source: FY2002- FY2009 Service Center Audit Reports

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



2005	2004	2003	2002
\$ 209,664	\$ 8,909	\$ 11,290	\$ 58,807
1,923,412	1,870,194	2,105,265	1,900,754
53,325	51,425	58,106	177,566
3,843	6,098	48,034	-
1,946,972	1,797,642	1,696,117	1,779,513
2,183,010	2,196,860	2,081,258	1,932,347
28,563	63,916	31,509	19,352
813,310	768,258	592,645	566,137
236,049	210,193	211,210	206,014
50,286	27,818	57,747	49,106
142,367	148,626	107,352	168,459
-	-	-	11,874
433,416	799,918	248,863	446,710
20,304	-	-	-
1,051	1,881	2,359	2,361
<u>8,045,572</u>	<u>7,951,738</u>	<u>7,251,755</u>	<u>7,319,000</u>

\$ 106,586	\$ 421	\$ 113,366	\$ 193,818
1,535,977	1,523,623	1,113,837	1,811,035
95,948	50,839	54,474	175,368
4,055	-	11,238	-
1,160,980	981,634	1,211,153	1,120,383
844,990	671,018	970,387	800,128
1,448	-	4,013	-
717,389	1,120,610	582,044	392,780
26,781	50,435	27,081	450
2,028	-	5,619	-
3,186	-	8,830	-
162,237	211,660	168,343	62,984
-	-	-	-
-	-	-	39,898
394,094	201,669	158,036	154,053
-	-	-	2,221
-	10,369	50,592	-
154,037	43,894	36,059	75,668
210,792	387,380	223,456	265,651
-	-	-	-
-	141,034	184,748	34,621
-	22,777	38,574	445
-	-	-	-
-	-	-	10,151
354	389,532	3,828	279,356
<u>5,420,882</u>	<u>5,806,895</u>	<u>4,965,678</u>	<u>5,419,010</u>
(2,624,690)	(2,144,843)	(2,286,077)	(1,899,990)

2,579,771	2,498,378	2,585,662	1,963,656
126,759	58,045	78,544	125,806
24,293	35,245	38,435	36,842
<u>2,730,823</u>	<u>2,591,668</u>	<u>2,702,641</u>	<u>2,126,304</u>
<u>\$ 106,133</u>	<u>\$ 446,825</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, 2009	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
Fund balance, unreserved	\$ 5,046,947	\$ 5,300,862	\$ 4,013,583	\$ 3,874,349
Fund balance, reserved	90,147	130,629	133,345	80,720
Total fund balance	<u>\$ 5,137,094</u>	<u>\$ 5,431,491</u>	<u>\$ 4,146,928</u>	<u>\$ 3,955,069</u>

**All Other Governmental Funds**

	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
Fund balance, unreserved reported in:				
Special revenue funds	\$ 342,351	\$ (71,835)	\$ 160,973	\$ 149,363
Capital project funds	2,243	1,231,224	-	-
Expendable trust funds (1)	-	-	-	-
Fund balance, reserved	81,920	447,043	111,352	16,904
Total fund balance	<u>\$ 426,514</u>	<u>\$ 1,606,432</u>	<u>\$ 272,325</u>	<u>\$ 166,267</u>

Source: FY1999 - FY2009 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.

<u>Fiscal Year Ended June 30, 2005</u>	<u>Fiscal Year Ended June 30, 2004</u>	<u>Fiscal Year Ended June 30, 2003</u>	<u>Fiscal Year Ended June 30, 2002</u>	<u>Fiscal Year Ended June 30, 2001</u>	<u>Fiscal Year Ended June 30, 2000</u>
\$ 4,208,418	\$ 4,033,875	\$ 3,642,819	\$ 3,261,798	\$ 3,156,582	\$ 1,435,835
111,428	86,221	150,241	87,670	461,292	471,950
<u>\$ 4,319,846</u>	<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>Fiscal Year Ended June 30, 2005</u>	<u>Fiscal Year Ended June 30, 2004</u>	<u>Fiscal Year Ended June 30, 2003</u>	<u>Fiscal Year Ended June 30, 2002</u>	<u>Fiscal Year Ended June 30, 2001</u>	<u>Fiscal Year Ended June 30, 2000</u>
\$ 209,966	\$ 234,355	\$ 190,887	\$ 157,934	\$ (113,631)	\$ (179,187)
-	-	-	-	-	98,823
-	-	-	-	77,478	321,808
1,141	124,784	82,600	30,620	367,142	381,646
<u>\$ 211,107</u>	<u>\$ 359,139</u>	<u>\$ 273,487</u>	<u>\$ 188,554</u>	<u>\$ 330,989</u>	<u>\$ 623,090</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, 2009	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
<b>Revenues:</b>				
Intergovernmental	\$ 6,064,539	\$ 5,292,136	\$ 3,383,717	\$ 3,318,493
Interest	65,048	228,370	329,136	255,665
Tuition and fees	1,021,296	1,633,981	622,444	1,046,086
Gifts and donations	-	9,200	804	1,598
Charges for services	6,596,537	6,057,338	5,806,717	4,595,247
Miscellaneous	22,235	94,670	29,670	115,515
Total revenues	\$ 13,769,655	\$ 13,315,695	\$ 10,172,488	\$ 9,332,604
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	\$ 605,374	\$ 540,400	\$ 368,742	\$ 336,401
Special	3,356,855	2,988,392	2,897,878	2,349,568
Vocational	65,496	59,943	58,788	56,434
Adult/continuing	1,550	1,215	1,888	4,739
Support services:				
Pupils	2,912,098	2,949,490	2,573,179	2,439,096
Instructional staff	4,622,372	3,194,039	2,307,966	2,243,598
Board of Governors	60,635	69,199	55,669	58,371
Administration	1,215,504	1,329,878	868,685	799,137
Fiscal	329,721	306,580	307,187	271,289
Business	39,721	38,642	60,758	44,675
Operation and maintenance of plant	382,724	178,773	97,064	951,376
Pupil transportation	-	-	-	-
Central	256,179	247,015	245,847	209,720
Community services	-	-	-	-
Extracurricular activities	43,959	12,725	19,628	13,156
Capital outlay	1,230,858	-	-	-
Debt service:				
Principal retirement	71,995	9,514	8,993	12,203
Interest and fiscal charges	49,229	1,778	2,299	1,545
Total expenditures	\$ 15,244,270	\$ 11,927,583	\$ 9,874,571	\$ 9,791,308
Excess of Revenues Over (Under)				
Expenditures	(1,474,615)	1,388,112	297,917	(458,704)
<b>Other Financing Sources (Uses):</b>				
Inception of capital lease	-	-	-	49,087
Proceeds from lease-purchase agreement	-	1,230,858	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	1,230,858	-	49,087
Net change in fund balance	\$ (1,474,615)	\$ 2,618,970	\$ 297,917	\$ (409,617)
Debt Service as a Percentage of				
Noncapital Expenditures	0.9%	0.1%	0.1%	0.1%

Source: FY1999 - FY2009 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, 2005	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
\$ 3,355,470	\$ 3,697,657	\$ 3,359,436	\$ 2,752,119	\$ 3,847,665	\$ 5,256,585
126,759	58,045	78,544	125,806	298,361	269,925
883,945	499,384	362,000	426,351	306,903	345,943
3,150	400	1,300	-	-	-
3,824,549	4,061,944	3,958,308	3,939,763	3,877,888	2,701,100
21,143	34,845	37,135	36,842	207,030	76,196
<u>\$ 8,215,016</u>	<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>
\$ 207,839	\$ 8,540	\$ 11,623	\$ 56,809	\$ 35,611	\$ 80,920
2,020,576	1,852,159	2,105,228	1,898,949	1,684,129	1,471,551
52,865	49,872	59,879	175,364	185,644	362,991
3,843	6,098	48,034	-	-	-
1,945,466	1,818,538	1,699,325	1,774,633	1,879,575	1,583,520
2,215,781	2,173,122	2,053,197	1,926,673	2,049,960	3,272,104
47,806	45,037	31,145	19,352	23,068	24,080
805,641	772,508	610,079	579,382	554,911	441,680
238,834	242,727	246,439	209,279	218,938	219,127
51,649	27,789	53,568	42,980	53,732	65,241
120,368	121,694	96,325	219,863	115,575	1,305,568
-	-	-	11,874	11,189	23,049
419,619	797,732	250,746	477,840	328,806	253,313
-	-	-	-	-	852
20,295	-	-	-	2,311	2,175
-	11,055	-	-	2,327	1,110
11,665	10,835	13,252	11,236	6,694	29,349
1,051	1,881	2,359	2,361	1,429	1,217
<u>\$ 8,163,298</u>	<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>
51,718	412,688	515,524	(125,714)	1,383,948	(488,098)
-	-	13,000	-	35,000	14,707
-	-	-	-	-	-
-	24,301	-	-	-	13,008
-	(24,301)	-	-	-	(13,008)
-	-	13,000	-	35,000	14,707
<u>\$ 51,718</u>	<u>\$ 412,688</u>	<u>\$ 528,524</u>	<u>\$ (125,714)</u>	<u>\$ 1,418,948</u>	<u>\$ (473,391)</u>
0.2%	0.2%	0.2%	0.2%	0.1%	0.3%

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

Source	Fiscal Year 2009 (1) Amount	% Of The Total Largest Own Revenue Source	Source	Fiscal Year 2000 (1) Amount	% Of The Total Largest Own Revenue Source
Preschool Excess Costs	\$ 1,119,638	13%	PALS Lab (jobs and family svcs)	\$ 208,032	7.70%
Copley-Fairlawn City School District	642,411	8%	Preschool Excess Costs	71,723	2.66%
Cuyahoga Falls City School District	565,088	7%	Nordonia Hills City School District	222,275	8.23%
Springfield Local School District	188,951	2%	Workshop Fees	605,129	22.40%
Revere Local School District	384,303	5%	Woodridge Local School District	137,910	5.11%
Green Local School District	231,667	3%	Revere Local School District	413,964	15.33%
Twinsburg City School District	255,460	3%	Total Top Payers/Users of Services	<u>1,659,033</u>	<u>61%</u>
Barberton City School District	179,026	2%			
Nordonia Hills City School District	74,933	1%			
St. Barnabas Catholic School	250,803	3%			
Cuyahoga Valley Christian Academy	199,898	2%			
Psychological Services	509,500	6%			
Administrative Fees	504,557	6%			
Walsh Jessuit High School	257,007	3%			
Total Top Payers/Users of Services	<u>5,363,242</u>	<u>65%</u>	Total Charges for Services (2)	<u>\$2,701,200</u>	
Total Charges for Services (2)	<u>\$ 8,295,962</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) 2009 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>1999</u>	<u>2008</u>
Civilian labor force in county	280,500	298,400
Unemployed in county	12,000	18,300
Unemployment rate in county	4.3%	6.1%
Unemployment rate - Ohio	4.3%	6.5%

**Ten Largest Employers in Summit County as of December 31, 2008**

<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	10,000	3.35%
Akron General Medical Center	Hospital	4,277	1.43%
County of Summit, Ohio	Government	3,468	1.16%
Akron Public School District	Elementary and Secondary Ed.	3,095	1.04%
The Goodyear Tire and Rubber Company	Rubber Products	3,000	1.01%
University of Akron	Higher Education	2,845	0.95%
Akron General Medical Center	Medical	2,820	0.95%
First Energy Corporation	Utilities	2,708	0.91%
Akron Childrens' Hospital	Medical	2,681	0.90%
Associated Materials Inc.	Manufacturing	2,500	0.84%

**Ten Largest Employers in Summit County as of December 31, 1999**

<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	4,700	1.77%
Summa Health Systems	Hospital	3,650	1.37%
Summit County	Government	3,510	1.32%
Akron School District	Education	3,000	1.13%
City of Akron	Government	2,848	1.07%
Akron General Medical Center	Hospital	2,794	1.05%
Chrysler Corporation, Stamping Plant	Automotive	2,500	0.94%
The University of Akron	Higher Education	2,094	0.79%
Acme-Click Stores	Retail Grocery	2,000	0.75%
Babcock & Wilcox Company, Inc.	Accounting	1,851	0.70%

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**

<b>School District (1)</b>	<b>2008 Personal Tax Returns</b>		<b>1999 Personal Tax Returns</b>	
	<b>Total District Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Total District Personal Income</b>	<b>Per Capita Personal Income</b>
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

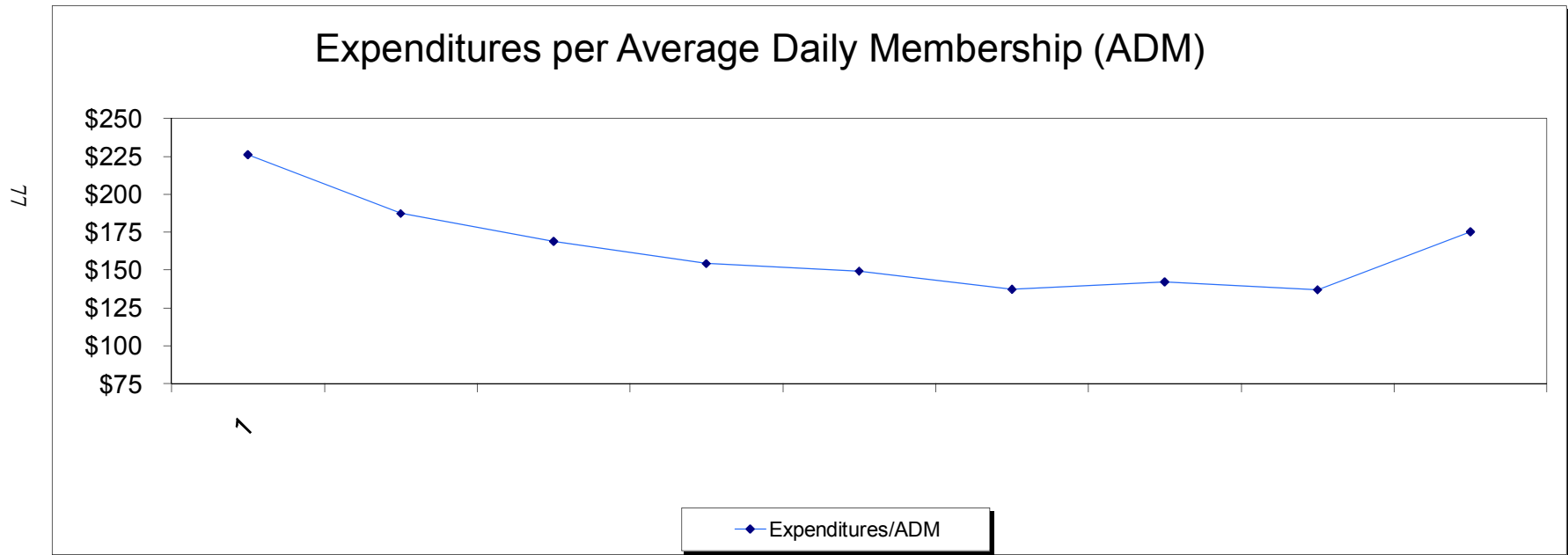
Source: Ohio Department of Taxation

(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	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
(1) Expenses/Expenditures	\$14,036,036	\$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
(2) ADM	52,665	52,912	52,483	52,681	52,902	53,152	53,040	52,096	52,191	52,104
Expenditures/ADM	\$ 267	\$ 226	\$ 187	\$ 169	\$ 154	\$ 149	\$ 137	\$ 142	\$ 137	\$ 175

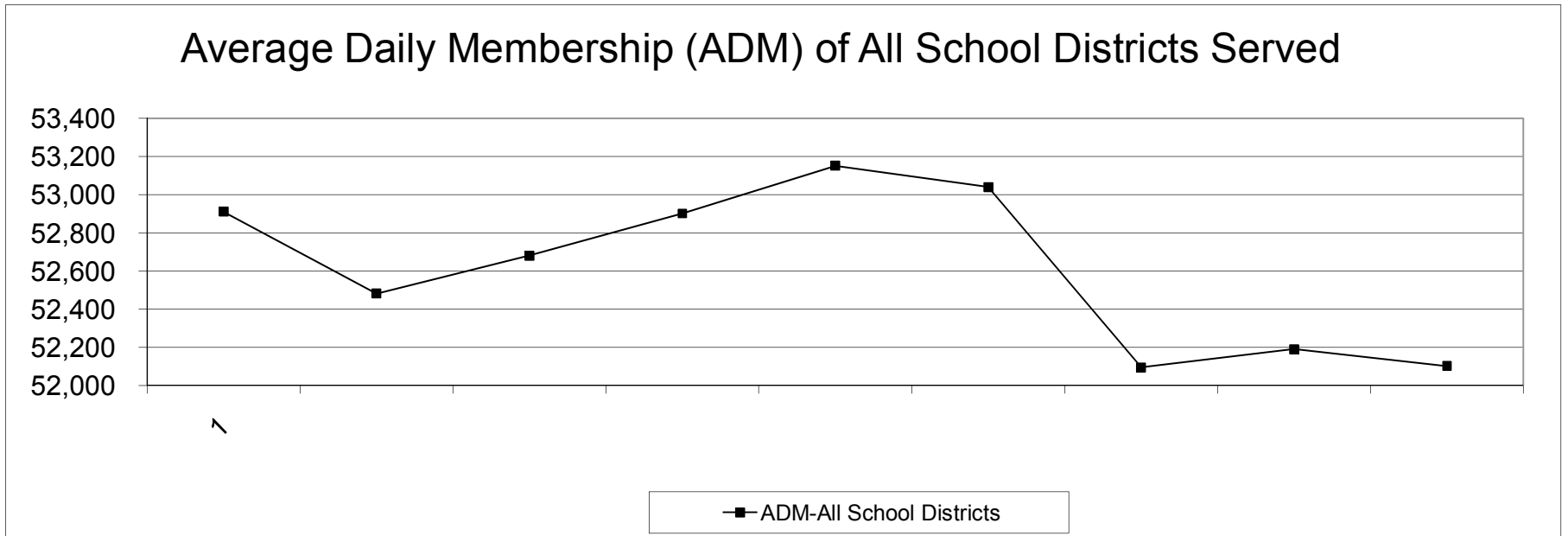


(1) FY1999 - FY2001 modified accrual basis expenditures are provided. FY2002-FY2009 accrual basis expenses are provided. All provided by Service Center Audit Reports.  
(2) Source: Annual Financial Report of the Board of Governors (ADU/ODE 4502 reports)

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

Fiscal Year Ended June 30	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
ADM	52,912	52,912	52,483	52,681	52,902	53,152	53,040	52,096	52,191	52,104
Percent Change	0.00%	0.82%	-0.38%	-0.42%	-0.47%	0.21%	1.81%	-0.18%	0.17%	1.75%

78



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**Summit County Educational Service Center  
Miscellaneous Statistics - School Districts Served  
Last Three Fiscal Years (1)**

Fiscal Year Ended June 30, Fall Enrollment	Barberton City School District			Copley-Fairlawn City School District		
	2008	2007	2006	2008	2007	2006
	3,647	3,695	3,995	3,260	3,225	3,193
<u>Demographic Data:</u>						
Average Income	\$25,178	\$ 25,472	\$ 25,203	\$44,923	\$ 43,648	\$ 42,192
Property Valuation/Pupil	102,480	107,249	98,341	242,964	241,288	247,940
<u>Fiscal Data:</u>						
Effective Mills	28.31	28.64	27.35	27.07	27.25	30.02
Average Teacher Salary	\$53,769	\$ 50,015	\$ 50,842	\$59,232	\$ 58,319	\$ 56,362
<u>Staff Data:</u>						
Average Teacher Experience	14.00	13.00	12.00	16.00	16.00	15.00
Number of Teachers	212.03	254.00	249.60	155.98	178.00	179.30
Student/Teacher Ratio	17.20	19.00	18.40	20.90	21.60	21.30
<u>Output:</u>						
Pupil Attendance Rate	93.10	93.60	93.70	95.00	96.30	96.30
Graduation Rate	91.40	97.20	86.20	95.00	94.50	97.90

Fiscal Year Ended June 30, Fall Enrollment	Nordonia Hills City School District			Norton City School District		
	2008	2007	2006	2008	2007	2006
	3950	3,784	3,746	2483	2,417	2,377
<u>Demographic Data:</u>						
Average Income	\$43,166	\$ 42,482	\$ 41,214	\$33,842	\$ 34,028	\$ 32,624
Property Valuation/Pupil	253,093	252,662	265,747	138,562	144,415	134,473
<u>Fiscal Data:</u>						
Effective Mills	28.13	28.34	29.53	26.80	26.89	26.79
Average Teacher Salary	\$54,847	\$ 53,732	\$ 52,445	\$52,226	\$ 50,411	\$ 49,877
<u>Staff Data:</u>						
Average Teacher Experience	16	15.00	14.00	15	15.00	14.00
Number of Teachers	205.73	227.90	219.40	129.32	145.90	140.30
Student/Teacher Ratio	19.2	19.60	19.70	19.2	18.50	18.20
<u>Output:</u>						
Pupil Attendance Rate	95	95.50	95.60	95	95.10	95.10
Graduation Rate	95	96.40	94.20	95	98.20	95.30

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

(1) Information is not available for fiscal year 2009 due to this year still being under audit for some schools.

Coventry Local School District			Cuyahoga Falls City School District			Green Local School District		
2008	2007	2006	2008	2007	2006	2008	2007	2006
2,291	2,305	2,233	4,937	4,939	5,062	4,195	4,032	3,966
\$32,175	\$ 31,980	\$ 31,299	\$31,664	\$ 31,656	\$ 31,016	\$38,058	\$ 37,939	\$ 36,334
190,918	186,885	143,660	159,610	161,251	158,761	165,704	165,327	173,672
31.48	31.35	25.56	33.29	33.49	31.95	27.97	28.30	33.40
\$50,442	\$ 45,645	\$ 45,378	\$52,234	\$ 48,798	\$ 48,964	\$54,485	\$ 51,366	\$ 49,476
13.00	12.00	11.00	16.00	15.00	14.00	13.00	12.00	11.00
113.98	135.20	133.20	275.81	318.10	301.00	219.63	221.20	218.30
20.10	21.30	19.90	17.90	18.80	18.50	19.10	21.60	22.10
94.30	94.70	94.60	94.90	94.60	94.80	95.00	96.00	96.10
95.00	94.30	95.70	94.90	91.70	91.00	95.00	95.70	96.70
Revere Local School District			Springfield Local School District			Stow-Munroe Falls City School District		
2008	2007	2006	2008	2007	2006	2008	2007	2006
2784	2,718	2,734	2392	2,796	2,868	5517	5,745	5,726
\$56,616	\$ 54,981	\$ 51,538	\$30,116	\$ 29,633	\$ 29,373	\$39,870	\$ 39,387	\$ 38,086
327,599	310,469	334,550	163,989	150,848	138,779	167,867	162,802	166,384
27.06	27.20	28.07	30.60	31.92	28.53	32.55	32.66	33.94
\$65,393	\$ 61,628	\$ 58,523	\$60,185	\$ 55,096	\$ 53,522	\$57,823	\$ 54,664	\$ 53,689
15	15.00	14.00	15	14.00	13.00	14	14.00	13.00
155.53	159.70	170.20	142.38	193.30	193.40	256.60	319.30	319.10
17.9	18.80	17.80	16.8	18.60	17.70	21.5	21.80	22.20
95	96.10	96.10	93.8	93.70	93.80	95	95.40	95.30
95	99.50	97.80	85.1	91.40	85.90	95	97.20	95.60

(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		
	2008	2007	2006	2008	2007	2006
Fall Enrollment	4,883	5,098	5,150	1,509	1,480	1,455
<u>Demographic Data:</u>						
Average Income	\$65,666	\$ 63,635	\$ 62,359	\$34,286	\$ 34,150	\$ 33,388
Property Valuation/Pupil	183,247	177,345	172,266	128,639	125,729	136,567
<u>Fiscal Data:</u>						
Effective Mills	42.01	36.81	46.06	34.16	34.22	32.64
Average Teacher Salary	\$68,867	\$ 63,314	\$ 63,033	\$52,442	\$ 50,928	\$ 48,199
<u>Staff Data:</u>						
Average Teacher Experience	18.00	17.00	16.00	16.00	16.00	15.00
Number of Teachers	272.79	332.40	331.60	65.90	78.50	80.10
Student/Teacher Ratio	17.90	18.40	18.60	22.90	23.00	21.00
<u>Output:</u>						
Pupil Attendance Rate	95.00	96.20	95.90	95.00	95.80	95.70
Graduation Rate	95.00	98.20	97.90	95.00	98.20	97.40

Fiscal Year Ended June 30,	Tallmadge City School District			Twinsburg City School District		
	2008	2007	2006	2008	2007	2006
Fall Enrollment	2578	2,662	2,691	4236	4,185	4,045
<u>Demographic Data:</u>						
Average Income	\$35,285	\$ 35,703	37,492	\$44,563	\$ 44,092	\$ 42,608
Property Valuation/Pupil	160,933	159,574	159,378	209,217	233,593	217,088
<u>Fiscal Data:</u>						
Effective Mills	29.80	29.81	34.89	31.33	32.49	31.20
Average Teacher Salary	\$60,098	\$ 54,938	52,470	\$61,962	\$ 57,694	\$ 55,576
<u>Staff Data:</u>						
Average Teacher Experience	15	14.00	13.00	11	10.00	9.00
Number of Teachers	153.45	166.70	169.70	197.94	225.80	225.40
Student/Teacher Ratio	16.8	17.20	21.40	21.4	21.70	16.70
<u>Output:</u>						
Pupil Attendance Rate	95.00	95.60	95.70	95.00	96.20	95.80
Graduation Rate	95.00	97.80	97.40	95.00	91.50	90.10

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

(1) Information is not available for fiscal year 2009 due to this year still being under audit for some schools.

Mogadore Local School District		
2008	2007	2006
945	895	890
\$32,595	\$ 32,602	\$ 31,730
135,632	158,908	110,358
28.54	29.36	31.03
\$55,697	\$ 45,883	\$ 50,153
15.00	14.00	13.00
53.09	62.50	57.00
17.80	16.20	17.20
95.00	95.40	95.40
95.00	100.00	94.70

Woodridge Local School District		
2008	2007	2006
1942	1,845	1,799
\$34,813	\$ 34,526	\$ 33,143
272,864	289,527	268,381
32.30	32.98	36.94
\$57,274	\$ 54,400	\$ 48,449
13	12.00	11.00
109.72	112.30	121.10
17.7	18.00	16.30
95	95.10	95.20
95	98.30	98.40

Total/Highest/Lowest All Districts Served					
2008		2007		2006	
52,912		52,483		52,681	
<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
\$65,666	\$25,178	\$ 63,635	\$ 25,472	\$ 62,359	\$ 25,203
\$327,599	\$102,480	310,469	107,249	\$ 334,550	\$ 98,341
42.01	26.80	36.81	26.89	46.06	25.56
\$68,867	\$50,442	\$ 63,314	\$ 45,645	\$ 63,033	\$ 45,378
18.00	11.00	17.00	10.00	16.00	9.00
275.81	53.09	332.40	62.50	331.60	57.00
22.90	16.80	23.00	16.20	22.20	16.30
95.00	93.10	96.30	93.60	96.30	93.70
95.00	85.10	100.00	91.40	98.40	85.90

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

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instruction:				
Regular	8	8	6	7
Special	96	96	104	95
Vocational	1	1	1	1
Support Services:				
Pupils	55	55	56	42
Instructional Staff	36	35	38	37
Administration	12	12	10	7
Fiscal	3	3	3	3
Business	1	1	1	1
Operation and Maintenance of Plant	1	2	1	1
Central	15	15	16	2
Extracurricular	1	1	1	1
Total employees	<u>229</u>	<u>229</u>	<u>237</u>	<u>197</u>

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

NOTE: Previous six 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**

	2009	2008	2007	2006	2005	2003	2002
Instruction							
Regular							
Furniture and Equipment	\$ -	\$ -	\$ 337	\$ 673	\$ 1,009	\$ 1,683	\$ 2,019
Special							
Building and Improvements	319,944	105,468	107,712	109,956	-	-	-
Furniture and Equipment	7,771	12,411	17,464	22,518	27,891	39,598	45,561
Support Services:							
Instructional Staff							
Building and Improvements	80,286	82,031	83,776	85,522	-	-	-
Furniture and Equipment	39,529	26,657	32,687	30,339	25,969	50,040	66,635
Administration							
Building and Improvements	817,943	269,530	275,265	280,999	-	-	-
Furniture and Equipment	14,790	18,853	9,938	11,406	17,728	38,274	26,921
Fiscal							
Furniture and Equipment	8,237	9,600	11,038	5,391	6,121	1,061	8,311
Business							
Vehicles	7,901	7,901	10,535	-	-	-	5,462
Operation and Maintenance of Plant							
Land	207,778	207,778	207,778	207,777	-	-	-
Building and Improvements	559,965	128,905	131,648	134,390	-	-	-
Furniture and Equipment	78,955	113,662	141,187	178,339	162,822	208,469	231,969
Central							
Furniture and Equipment	-	-	104	255	405	705	854
	<u>\$ 2,143,099</u>	<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 - 2009. 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

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  
MARCH 9, 2010