



Dave Yost • Auditor of State

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
SUMMIT COUNTY**

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

Summit County Educational Service Center
Summit County
420 Washington Avenue
Cuyahoga Falls, Ohio 44211

To the Board of Governors:

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, Summit County, Ohio, (the Service Center) as of and for the year ended June 30, 2012, which collectively comprise the Service Center's basic financial statements and have issued our report thereon dated December 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Service Center's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Service Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Service Center's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Service Center's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the Service Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain matters not requiring inclusion in this report that we reported to the Service Center's management in a separate letter dated December 28, 2012.

We intend this report solely for the information and use of management, the audit committee, Board of Governors, federal awarding agencies and pass-through entities, and others within the Service Center. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

December 28, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Summit County Educational Service Center
Summit County
420 Washington Avenue
Cuyahoga Falls, Ohio 44211

To the Board of Governors:

Compliance

We have audited the compliance of Summit County Educational Service Center, Summit County, Ohio, (the 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 could directly and materially affect the Service Center's major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Service Center's major federal programs. The Service Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Service Center's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Service Center's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Service Center's compliance with these requirements.

In our opinion, the Summit County Educational Service Center complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The Service Center's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Service Center's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Service Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of 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 over compliance that might be deficiencies, 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.

However, we noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report that we reported to the Service Center's management in a separate letter dated December 28, 2012.

Federal Awards Receipts and Expenditures Schedule

We have also audited and issued our unqualified opinion on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Summit County Educational Service Center, Summit County, Ohio, (the Service Center) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. Our audit was performed to form an opinion on the financial statements taken as a whole. The accompanying federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of management, the audit committee, Board of Governors, federal awarding agencies and pass-through entities and others within the Service Center. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

December 28, 2012

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through the Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education - Grants to States	009255-3M20-2011	84.027	\$147,451	\$155,561
Special Education - Grants to States	009255-3M20-2012	84.027	<u>1,378,134</u>	<u>1,473,719</u>
Total Special Education - Grants to States			1,525,585	1,629,280
Special Education Preschool Grants	049965-3C50-2011	84.173	5,269	5,726
Special Education Preschool Grants	009255-3C50-2011	84.173	13,564	7,108
Special Education Preschool Grants	049965-3C50-2012	84.173	82,927	89,887
Special Education Preschool Grants	009255-3C50-2012	84.173	<u>24,336</u>	<u>30,734</u>
Total Special Education Preschool Grants			126,096	133,455
Total Special Education Cluster			<u>1,651,681</u>	<u>1,762,735</u>
Special Education - State Personnel Development	009255-3700-2011	84.323	3,339	1,763
Special Education - State Personnel Development	009255-3700-2012	84.323	<u>35,969</u>	<u>55,023</u>
Total Special Education - State Personnel Development			39,308	56,786
Improving Teacher Quality State Grant	049965-3Y60-2011	84.367		510
Safe & Drug Free Schools and Communities - State Grants	049965-3D10-2012	84.186	75,000	75,000
<u>Direct Federal Programs:</u>				
Funded For The Improvement of Education - Teaching of Traditional American History	N/A	84.215X	229,187	201,379
Foreign Languages Assistance	N/A	84.293B	364,724	553,404
Total U.S. Department of Education			<u>2,359,900</u>	<u>2,649,814</u>
Total Federal Assistance			<u>\$2,359,900</u>	<u>\$2,649,814</u>

The accompanying notes are an integral part of this schedule.

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Summit County Educational Service Center, Summit County, Ohio, (the Service Center) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control 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 § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Foreign Languages Assistance CFDA# 84.293B <u>Special Education Cluster:</u> Special Education Grants to States – CFDA #84.027 Special Education Preschool Grants – CFDA #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?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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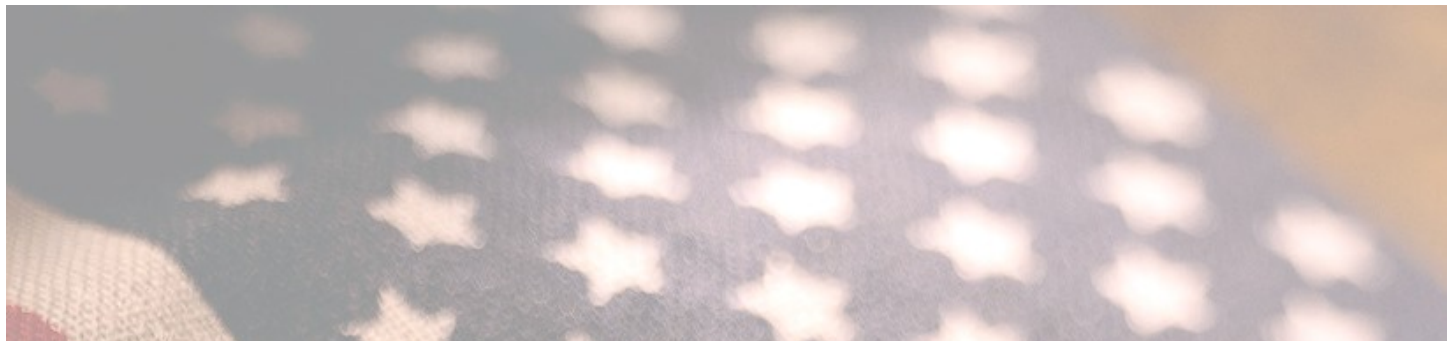
Summit County Educational Service Center

Cuyahoga Falls, Ohio

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

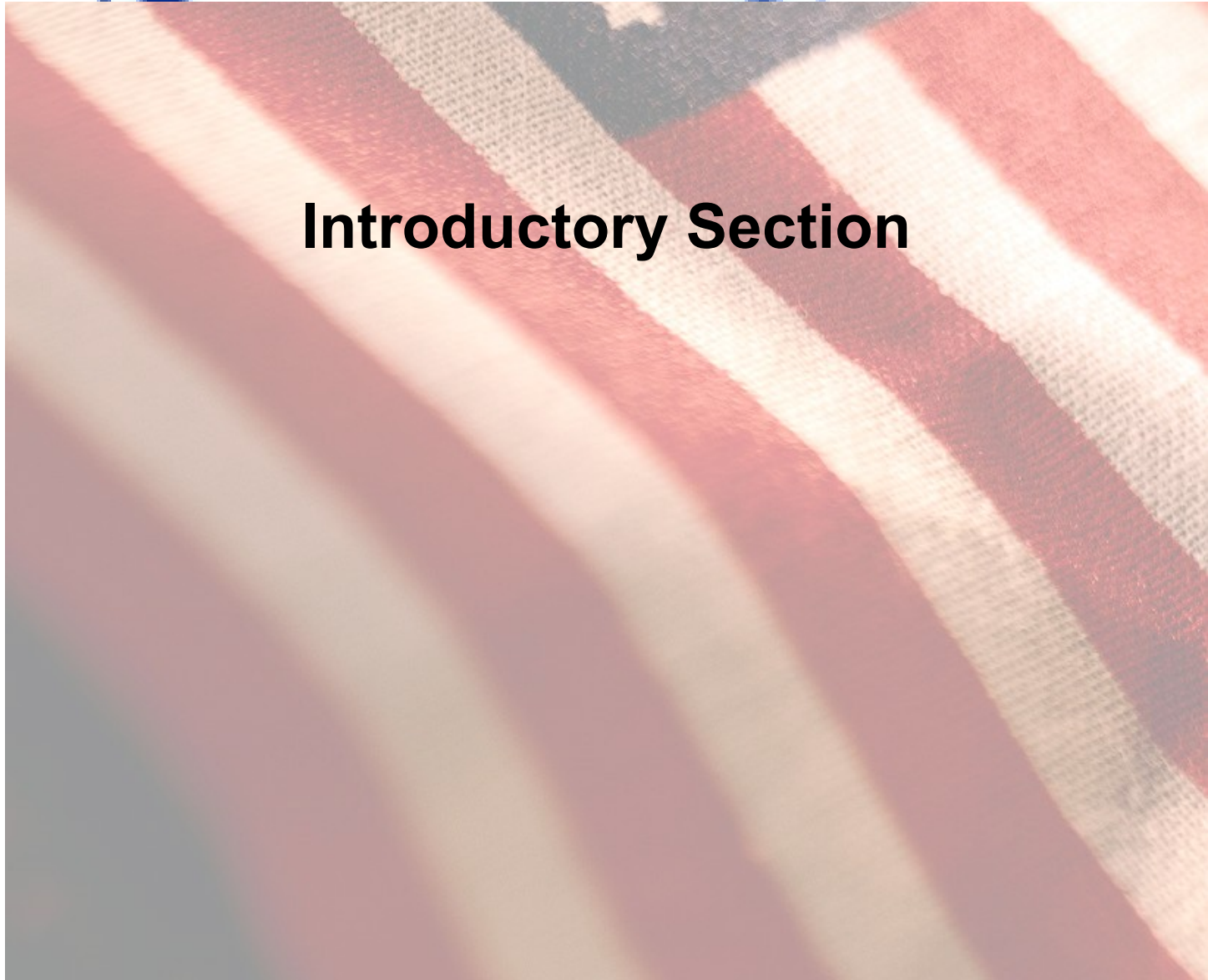
PREPARED BY:
SONDRA E. CLEVINGER and
CHIEF FISCAL OFFICER'S STAFF



Summit County

Educational Service Center

Introductory Section



Summit County Educational Service Center
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2012
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December 28, 2012

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, 2012 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 2011-2012 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 the Auditor of State of Ohio, conforms with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the Service Center’s commitment to provide meaningful information to its’ stakeholders.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Service Center’s MD&A can be found immediately following the Independent 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 50,768 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 690 to over 5,300 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, 2015.

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 to July 31, 2013.

SERVICES

Curriculum and Instructional Technology

The Curriculum and Instruction Service Team plays a major role in maintaining and improving the quality of education in Summit County school districts. The department's staff works with teachers, principals and various instructional support staff primarily through consultation and professional development. The main emphasis with teachers is the improvement of classroom instruction. The delivery vehicles include consultation, conferences and workshops. The tools for the delivery of said services include, but are not limited to, demonstrations of innovative pedagogy and related instructional topics, on-site consultation and embedded support, assistance in textbook selection, course of study development, implementation of state academic content standards, and item analysis related to the state-level achievement tests. Staff members also provide a range of professional development opportunities for principals. Support for principals focuses on leadership development, especially as it relates to classroom instruction and student achievement. Many of the same delivery "vehicles" and "tools" used with teachers are also employed with principals. Training for instructional support staff tends to align with the expectations and standards expressed in the requirements for highly-qualified school personnel. The staff development opportunities provided by the Curriculum and Instruction Service Team are among the most comprehensive and highly-regarded in the State.

Ohio law requires school districts to maintain a Comprehensive Continuous Improvement Plan (CCIP). In recent years, the CCIP has become aligned with the Ohio Improvement Process (OIP). This process entails a rigorous, systematic, data-driven approach to school improvement. The Curriculum and Instruction Service Team offers services and support to districts as they work through all four phases of this process. Service Team members facilitate both district and building leadership team meetings, as well as assist the districts in analyzing their student achievement and related data and developing, implementing, monitoring and evaluating their focused improvement plans. Additionally, Service Team consultants stand ready to provide the professional development needed and requested by the districts to actualize their plans.

Beginning fiscal year 2009, the Curriculum and Instruction department worked on a number of projects which would be considered outside their traditional or regular work. Many of these involve significant grant opportunities accomplished in collaboration with other educational and educationally-related entities. In conjunction with the University of Akron, the Teaching American History Grant is completing the end of a multi-year initiative sponsored by the Federal Government and provides the opportunity for teachers to expand their content knowledge and collaborate on the construction of new innovative lessons for their students. The Ohio Performance Assessment Grant focuses on science and serves to enrich participant expertise in the development of more targeted and meaningful assessment practices. The Safe Schools and Violence Prevention Grant involves school staff and students in studying their school environments and cultures and building their individual and collective capacity in leadership and

decision-making skills in order to make their schools more safe and secure. The Alternative Education Academy (AEA) was developed in 2008 to provide a “safety net” for students in Summit County schools who experienced difficulty functioning in the traditional school setting. The AEA features on-line courses, with the students housed at the Summit County Educational Service Center. This alternative educational opportunity has the capacity to house up to 15 students. Credit Recovery for students is also offered through this program. Curriculum and Instruction Service Team members have played pivotal roles in the creation, implementation and sustaining of these initiatives.

Pupil Personnel

The Service Center provides services to school districts to assist in their delivery of services to students with disabilities 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 Students with Disabilities Supervision, Speech and Language Supervision, and Work/Study Coordination. Specifically, in 2012 the work-study program assisted 120 students in 7 school districts, had 157 employer contacts to place 39 students, arranged 22 volunteer/unpaid work experiences, hosted 5 transitional resource group meetings and opened 58 new student files. School Psychologists served 1,200 students and had 434 parent meetings. Workshops and trainings provided by this department include: Response to Intervention (RTI) workshops, 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.

The Summit County Preschool provides an integrated, comprehensive preschool program for all students, age three to five, with disabilities or at-risk concerns. In addition to classroom teaching, some of the related services provided are occupational therapy, physical therapy, speech therapy, nursing and nutrition. Participating districts contract for this program. The preschool program, in fiscal year 2012 included 22 classrooms across Summit County that served 475 students. Half of those students received cognitive, behavioral and speech assessments. The preschool program employs 22 classroom teachers, 25 classroom assistants, 8 speech/language pathologists, 3 psychologists and 1 school nurse.

Also, 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, 21st 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 consists of 16 regions. Each region has a fiscal agent. The selection of a fiscal agent was done 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. With the election of our new Governor, John Kasich, we are to see more changes in the landscape of education and regional services.

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 3,094 employees. Goodyear Tire and Rubber takes fifth place with 3,000 employees. The University of Akron is in 6th with a total number of 2,845 employees. Also, a recent study ranked Ohio number one in plastics and polymers. The greater Akron area is home to the largest number of polymer companies in Ohio.

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, A. Schulman, Inc., and Jo-Ann Stores, Inc.

Recent history shows Summit County has fared favorably in unemployment rates compared to National and State rates. The county unemployment rate in 2011 was at 8.5%. This percentage is down from 2010 rate that was 9.9%. As a comparison, the 2010 state rate was 10.1% and the 2011 rate for the state was 8.6%. In both of these years, the State rate of unemployment was higher than the County rate of unemployment. This means, although improved, the bad economy for these past two years has hit Ohio and Summit County hard. 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 eleventh 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. Non-major 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.

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 2012 and the outlook for the future.

Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain non-major 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 2012, a single audit was required.

Budgetary Controls

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 Management does budget for resources estimated to be received during the fiscal year. The Educational Service Center also prepares an annual spending plan to control and monitor the expenditure of the Educational Service Center's resources.

CASH MANAGEMENT

The Service Center's approach to the cash management program has continued to be consistent during 2011-2012 with the use of overnight sweep account. Due to very poor interest rates, certificates of deposit have not been invested in due to the poor interest rates. The total amount of interest earned was \$6,361. This figure is at 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 3 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 2012 were \$1,132,000 and \$419,985 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 Auditor of the State of Ohio performed the audit for the period ended June 30, 2012. The auditor's unqualified opinion rendered on the Service Center's basic financial statements, and their report on the combining statements, 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, 2011 CAFR. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for the preparation of state and local government financial reports.

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

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

Acknowledgments

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

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

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Sondra Clevenger". The signature is written in a cursive style with a large initial 'S'.

Sondra Clevenger
Chief Fiscal Officer

Summit County Educational Service Center
Public Officials Roster
Year Ended June 30, 2012

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

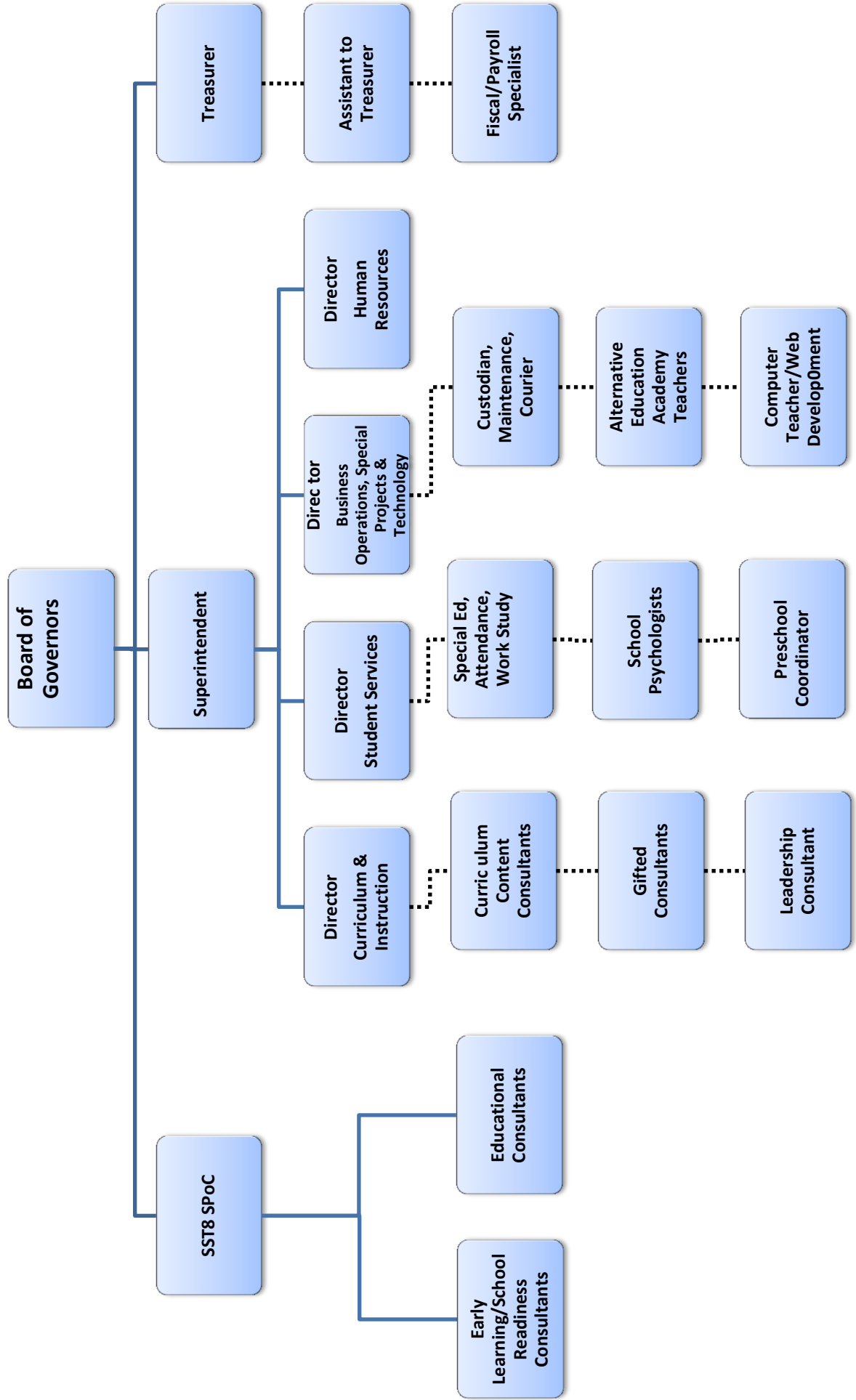
Chief Fiscal Officer

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
Organizational Chart
2012



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, 2011

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.

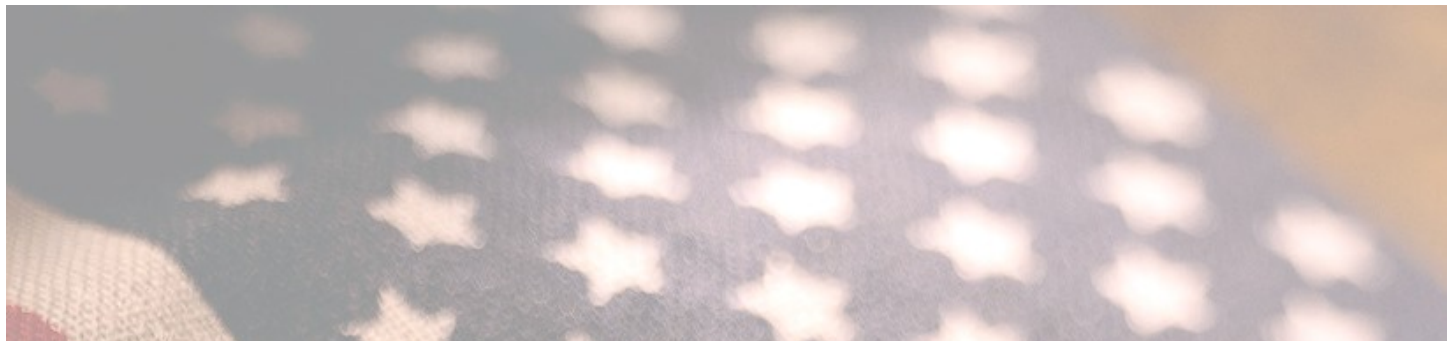


Linda C. Davidson

President

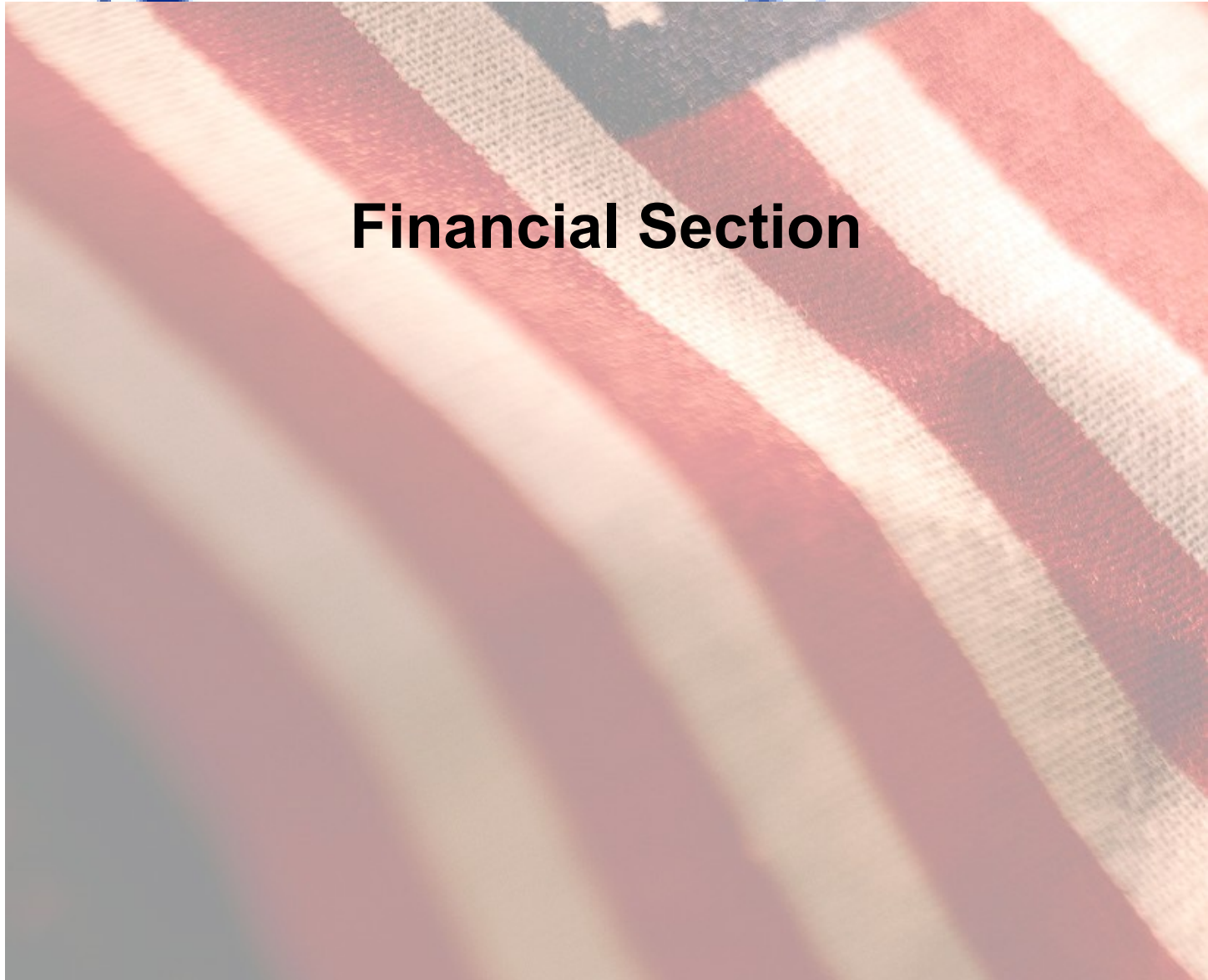
Jeffrey R. Egan

Executive Director



Summit County

Educational Service Center



Financial Section



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Summit County Educational Service Center
Summit County
420 Washington Avenue
Cuyahoga Falls, Ohio 44211

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County Educational Service Center, Summit County, Ohio, (the Service Center) as of and for the year ended June 30, 2012, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County Educational Service Center, Summit County, Ohio, as of June 30, 2012, 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 28, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Service Center's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

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

Dave Yost
Auditor of State

December 28, 2012

Summit County Educational Service Center

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012

The discussion and analysis of the Summit County Educational Service Center's (the "Service Center") financial performance provides an overall review of the Service Center's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Service Center's performance as a whole; readers should also review the transmittal letter, the notes to the basic financial statements and financial statements to enhance their understanding of the Service Center's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- Net assets decreased \$564,908, which represents a 7.1% decrease from 2011.
- During the year, outstanding capital leases decreased from \$1,037,732 to \$968,272 due to principal payments made by the Service Center.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Service Center as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole Service Center, presenting both an aggregate view of the Service Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Service Center's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Service Center, the general fund and the educational regional service system fund are the most significant funds.

Reporting the Service Center as a Whole

Statement of Net Assets and the Statement of Activities

While the basic financial statements contain the large number of funds used by the Service Center to provide programs and activities, the view of the Service Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Summit County Educational Service Center

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012

These two statements report the Service Center's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Service Center as a whole, the financial position of the Service Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the mandated educational programs, as well as locally requested programs.

In the *Statement of Net Assets* and the *Statement of Activities*, Governmental Activities include the Service Center's programs and services, including instruction, support services, operation and maintenance of plant, extracurricular activities, and interest and fiscal charges.

Reporting the Service Center's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 13. 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 and educational regional service system fund.

Governmental Funds Most of the Service Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Service Center's general government operations and the basic services it provides. Governmental fund information helps you 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 governmental funds is reconciled in the financial statements.

Reporting the Service Center's Fiduciary Responsibilities

The Service Center is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The Service Center also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. The Service Center's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 17 and 18. These activities are excluded from the Service Center's other financial statements because the assets cannot be utilized by the Service Center to finance its operations.

Summit County Educational Service Center

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012*

The Service Center as a Whole

Recall that 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 2012 compared to 2011:

**Table 1
Net Assets**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Assets		
Current and Other Assets	\$ 8,564,352	\$ 9,029,861
Capital Assets	<u>1,924,466</u>	<u>1,985,315</u>
<i>Total Assets</i>	<u>10,488,818</u>	<u>11,015,176</u>
Liabilities		
Other Liabilities	2,019,542	1,908,181
Long-Term Liabilities	<u>1,127,138</u>	<u>1,199,949</u>
<i>Total Liabilities</i>	<u>3,146,680</u>	<u>3,108,130</u>
Net Assets		
Invested in Capital Assets, Net of Debt	956,194	947,583
Restricted	333,572	377,913
Unrestricted	<u>6,052,372</u>	<u>6,581,550</u>
<i>Total Net Assets</i>	<u>\$ 7,342,138</u>	<u>\$ 7,907,046</u>

Total assets decreased \$526,358 or 4.8% as compared to fiscal year 2011. The primary reason was timing issue for payment of services for special instruction, offset by an increase in intergovernmental receivable for increased billings to member districts for services rendered.

Total liabilities increased \$38,550 or 1.2% as compared to fiscal year 2011. This increase can be attributed to an increase in accrued wages due to timing and a decrease for payment of capital lease obligations.

Overall net assets of the Service Center have decreased \$564,908 or 7.1% as compared to fiscal year 2011.

Summit County Educational Service Center

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012*

Table 2 shows the changes in net assets for fiscal year 2012 and 2011.

**Table 2
Changes in Net Assets**

	Governmental Activities	
	2012	2011
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 11,213,029	\$ 9,388,424
Operating Grants	2,537,583	2,342,371
<i>Total Program Revenues</i>	<u>13,750,612</u>	<u>11,730,795</u>
<i>General Revenues:</i>		
Grants and Entitlements Not Restricted	2,448,486	2,351,492
Other	21,570	9,931
<i>Total General Revenues</i>	<u>2,470,056</u>	<u>2,361,423</u>
<i>Total Revenues</i>	<u>16,220,668</u>	<u>14,092,218</u>
Program Expenses		
<i>Instruction:</i>		
Regular	867,600	923,978
Special	5,771,610	4,327,833
Vocational	75,995	88,980
<i>Support Services:</i>		
Pupils	3,649,489	3,136,536
Instructional Staff	4,622,772	4,250,972
Board of Governors	68,640	59,229
Administration	647,737	706,592
Fiscal	345,505	317,541
Business	56,890	47,809
Operation and Maintenance of Plant	388,307	316,129
Central	193,077	200,088
Extracurricular Activities	57,482	56,002
<i>Debt Service:</i>		
Interest and Fiscal Charges	40,472	43,172
<i>Total Expenses</i>	<u>16,785,576</u>	<u>14,474,861</u>
<i>Increase (Decrease) in Net Assets</i>	(564,908)	(382,643)
<i>Net Assets at Beginning of Year</i>	<u>7,907,046</u>	<u>8,289,689</u>
<i>Net Assets at End of Year</i>	<u>\$ 7,342,138</u>	<u>\$ 7,907,046</u>

The increase in revenues is due to an increase in charges for services to member districts. The increase in expenditures is due to an increase for special instruction costs from purchased services by member districts.

Summit County Educational Service Center

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012*

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by charges for services and unrestricted grants and entitlements.

**Table 3
Governmental Activities**

	Total Cost of Service		Net Cost of Service	
	2012	2011	2012	2011
Instruction:				
Regular	\$ 867,600	\$ 923,978	\$ (75,254)	\$ (172,668)
Special	5,771,610	4,327,833	(638,727)	(835,425)
Vocational	75,995	88,980	(14,846)	(19,788)
Support Services:				
Pupils	3,649,489	3,136,536	(520,429)	(617,517)
Instructional Staff	4,622,772	4,250,972	(1,123,995)	(682,365)
Board of Governors	68,640	59,229	(58,575)	(11,156)
Administration	647,737	706,592	(310,005)	(143,587)
Fiscal	345,505	317,541	(67,996)	(118,123)
Business	56,890	47,809	(45,736)	(11,946)
Operation and Maintenance of Plant	388,307	316,129	(102,400)	(15,184)
Central	193,077	200,088	(25,949)	(61,258)
Extracurricular Activities	57,482	56,002	(10,580)	(11,877)
Debt Service:				
Interest and Fiscal Charges	40,472	43,172	(40,472)	(43,172)
<i>Total Expenses</i>	<u>\$ 16,785,576</u>	<u>\$ 14,474,861</u>	<u>\$ (3,034,964)</u>	<u>\$ (2,744,066)</u>

The dependence upon general revenues for governmental activities is apparent, with 18.1% of expenses supported by general revenues. It is the intention of the Board of Governors not to overcharge the districts served and to utilize the general revenues to offset the cost of programs to member districts.

Summit County Educational Service Center

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012*

Governmental Funds

Information about the Service Center's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$15,300,047 and expenditures of \$17,084,633 for fiscal year. The net change in fund balances for the fiscal year was a decrease of \$1,748,586 for all governmental funds with the most significant decrease in the general fund.

The general fund's net change in fund balance for fiscal year 2012 was a decrease of \$1,748,123. The decrease can be attributed to an increase in special instruction costs by member districts. Receivables have been recorded for billed services, however since not received in the available period, revenue has not been recognized.

The educational regional service system fund's net change in fund balance for fiscal year 2012 was a decrease of \$3,861.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the Service Center had \$1,924,466 invested in capital assets. Table 4 shows fiscal year 2012 balances compared with 2011.

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

	Governmental Activities	
	2012	2011
Land	\$ 207,778	\$ 207,778
Buildings and Improvements	1,662,171	1,700,826
Furniture and Equipment	54,517	76,711
<i>Totals</i>	<u>\$ 1,924,466</u>	<u>\$ 1,985,315</u>

The \$60,849 decrease in capital assets was attributable to depreciation exceeding current year additional purchases. See Note 5 for more information about the capital assets of the Service Center.

Debt

At year end, the Service Center had only capitalized leases as outstanding long-term obligations. The lease obligations outstanding at year end totaled \$968,272. The lease balance consisted of 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 obligation.

Summit County Educational Service Center

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012*

Current Issues

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. The Summit County Educational Service Center will work hard to ensure our districts are involved and benefit from Region 8 services.

While the Regional Service System has slightly changed the landscape of the Summit County Educational Service Center, we are still creating new services that assist our community and school districts. The organization sponsored a community conversion school. This school is located in Springfield Township, Ohio and serves children in grades kindergarten through third grade. Fiscal year 2010 was its first year of operation, fiscal year 2012 was the third. We are also continuing a partnership with the Autism Family Foundation and Children's Hospital. This partnership, which began in 2010, is to provide educational services for an autism center located in Copley Township. The school is named Kids First. This school opened in Fall of 2010 and is currently in year three of operation. Demand for Kids First by school districts, seeking to serve autistic students, has continued to grow. Demand is such that it is necessary to open a third classroom in 2012 and a fourth classroom in 2013. Fall of 2011 was also the first year of operation for the Academic, Technology and Motivation Campus (ATM). This is a K-12 school is designed to meet the needs of children who have a difficult time in a traditional school setting due to issues of behavior. The theory behind the school is one of engagement in technology and the learning process. Students are placed in this school by the home school district, in the same manner as Kids First.

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, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,688,422
Receivables:	
Accounts	11,220
Intergovernmental	3,864,710
Nondepreciable Capital Assets	207,778
Depreciable Capital Assets (Net)	<u>1,716,688</u>
 <i>Total Assets</i>	 <u>10,488,818</u>
 Liabilities	
Accounts Payable	93,210
Accrued Wages and Benefits	1,317,284
Intergovernmental Payable	476,554
Accrued Vacation Leave Payable	132,494
Long Term Liabilities:	
Due Within One Year	103,116
Due In More Than One Year	<u>1,024,022</u>
 <i>Total Liabilities</i>	 <u>3,146,680</u>
 Net Assets	
Invested in Capital Assets, Net of Related Debt	956,194
Restricted For:	
Educational Regional Service System	279,504
Other Purposes	54,068
Unrestricted	<u>6,052,372</u>
 <i>Total Net Assets</i>	 <u>\$ 7,342,138</u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Statement of Activities
For the Fiscal Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 867,600	\$ 488,860	\$ 303,486	\$ (75,254)
Special	5,771,610	4,926,528	206,355	(638,727)
Vocational	75,995	61,149	0	(14,846)
Support Services:				
Pupils	3,649,489	3,065,263	63,797	(520,429)
Instructional Staff	4,622,772	1,636,128	1,862,649	(1,123,995)
Board of Governors	68,640	10,065	0	(58,575)
Administration	647,737	337,676	56	(310,005)
Fiscal	345,505	272,678	4,831	(67,996)
Business	56,890	11,154	0	(45,736)
Operation and Maintenance of Plant	388,307	222,971	62,936	(102,400)
Central	193,077	133,655	33,473	(25,949)
Extracurricular Activities	57,482	46,902	0	(10,580)
Debt Service:				
Interest and Fiscal Charges	40,472	0	0	(40,472)
Total	\$ 16,785,576	\$ 11,213,029	\$ 2,537,583	(3,034,964)

General Revenues

Grants and Entitlements Not Restricted to Specific Programs	2,448,486
Investment Earnings	6,361
Miscellaneous	15,209

Total General Revenues 2,470,056

Change in Net Assets (564,908)

Net Assets Beginning of Year 7,907,046

Net Assets End of Year \$ 7,342,138

See accompanying notes to the basic financial statements.

Summit County Educational Service Center

Balance Sheet

Governmental Funds

June 30, 2012

	<u>General</u>	<u>Educational Regional Service System</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 4,637,909	\$ 0	\$ 50,513	\$ 4,688,422
Receivables:				
Accounts	11,220	0	0	11,220
Interfund	182,363	0	0	182,363
Intergovernmental	3,227,409	606,874	30,427	3,864,710
<i>Total Assets</i>	<u>\$ 8,058,901</u>	<u>\$ 606,874</u>	<u>\$ 80,940</u>	<u>\$ 8,746,715</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 40,132	\$ 35,335	\$ 17,743	\$ 93,210
Accrued Wages and Benefits	1,206,590	107,685	3,009	1,317,284
Intergovernmental Payable	380,266	57,744	38,544	476,554
Interfund Payable	0	107,919	74,444	182,363
Deferred Revenue	2,076,296	371,806	12,263	2,460,365
<i>Total Liabilities</i>	<u>3,703,284</u>	<u>680,489</u>	<u>146,003</u>	<u>4,529,776</u>
Fund Balances				
Restricted	0	0	49,934	49,934
Assigned	50,155	0	0	50,155
Unassigned	4,305,462	(73,615)	(114,997)	4,116,850
<i>Total Fund Balances</i>	<u>4,355,617</u>	<u>(73,615)</u>	<u>(65,063)</u>	<u>4,216,939</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 8,058,901</u>	<u>\$ 606,874</u>	<u>\$ 80,940</u>	<u>\$ 8,746,715</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, 2012*

Total Governmental Fund Balances		\$ 4,216,939
 <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.		1,924,466
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 383,994	
Intergovernmental Revenue	2,009,344	
Charges for Services	67,027	
Total	2,460,365	2,460,365
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Capital Lease Obligation	(968,272)	
Vacations Payable	(132,494)	
Compensated Absences	(158,866)	
Total	(1,259,632)	(1,259,632)
<i>Net Assets of Governmental Activities</i>		\$ 7,342,138

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, 2012

	General	Educational Regional Service System	Other Governmental Funds	Total Governmental Funds
Revenues				
Intergovernmental	\$ 2,478,154	\$ 1,935,106	\$ 903,758	\$ 5,317,018
Investment Income	6,361	0	0	6,361
Tuition and Fees	1,608,558	0	0	1,608,558
Charges for Services	8,352,274	30	0	8,352,304
Contributions and Donations	0	0	599	599
Miscellaneous	0	15,207	0	15,207
<i>Total Revenues</i>	<u>12,445,347</u>	<u>1,950,343</u>	<u>904,357</u>	<u>15,300,047</u>
Expenditures				
Current:				
Instruction:				
Regular	560,512	67,192	245,694	873,398
Special	5,552,150	6	203,198	5,755,354
Vocational	75,510	0	0	75,510
Support Services:				
Pupils	3,576,796	24,942	56,550	3,658,288
Instructional Staff	2,725,204	1,614,236	354,252	4,693,692
Board of Governors	68,640	0	0	68,640
Administration	616,711	2,564	0	619,275
Fiscal	333,983	95,185	38,362	467,530
Business	56,875	0	0	56,875
Operation and Maintenance of Plant	298,739	146,887	3,503	449,129
Central	160,636	3,192	35,400	199,228
Extracurricular Activities	57,782	0	0	57,782
Debt Service:				
Principal Retirement	69,460	0	0	69,460
Interest and Fiscal Charges	40,472	0	0	40,472
<i>Total Expenditures</i>	<u>14,193,470</u>	<u>1,954,204</u>	<u>936,959</u>	<u>17,084,633</u>
<i>Net Change in Fund Balance</i>	(1,748,123)	(3,861)	(32,602)	(1,784,586)
<i>Fund Balances Beginning of Year</i>	<u>6,103,740</u>	<u>(69,754)</u>	<u>(32,461)</u>	<u>6,001,525</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,355,617</u>	<u>\$ (73,615)</u>	<u>\$ (65,063)</u>	<u>\$ 4,216,939</u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2012*

Net Change in Fund Balances - Total Governmental Funds	\$	(1,784,586)
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*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 which depreciation exceeded capital outlay in the current period.

Capital Asset Additions	\$ 7,638	
Current Year Depreciation	<u>(68,487)</u>	(60,849)

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

Grants	4,680	
Intergovernmental Revenue	1,311,717	
Charges for Services	<u>(89,786)</u>	1,226,611

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

69,460

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

Compensated Absences	3,351	
Vacations Payable	<u>(18,895)</u>	<u>(15,544)</u>

<i>Change in Net Assets of Governmental Activities</i>	\$	<u><u>(564,908)</u></u>
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Summit County Educational Service Center

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2012

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 109,963	\$ 96,595
Intergovernmental Receivable	0	2,820
Accounts Receivable	0	650
<i>Total Assets</i>	<u>109,963</u>	<u>\$ 100,065</u>
Liabilities		
Accounts Payable	0	\$ 5,490
Undistributed Monies	0	94,575
<i>Total Liabilities</i>	<u>0</u>	<u>\$ 100,065</u>
Net Assets		
Held in Trust for Scholarships	<u>\$ 109,963</u>	

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2012

	Private Purpose Trust
<i>Net Assets Beginning of Year</i>	\$ 109,963
<i>Net Assets End of Year</i>	\$ 109,963

See accompanying notes to the basic financial statements.

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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.

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 Regional 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 generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. The Service Center will apply Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to any governmental activities provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification.

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

The most significant of the Service Center's accounting policies are described below.

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 which are not classified as program revenues are presented as general revenues of the Service Center, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Service Center.

Fund Financial Statements

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

B. Fund Accounting

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

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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 for resources used to support state and regional education initiatives and efforts to improve school effectiveness and student achievement.

The other governmental funds of the Service Center account for grants and other resources to which the Service Center is bound to observe constraints imposed upon the use of the resources.

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 agency funds account for employee benefits and programs managed by school districts served by the Service Center. The private purpose trust fund accounts for assets held by the Service Center in a trustee capacity.

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary 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.

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Agency funds do not report a measurement focus as they do not report operations.

Private purpose trust funds are reported using the economic resources measurement focus 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.

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.

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Under the modified accrual, 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. Cash and Cash Equivalents

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

During the fiscal year, investments were limited to overnight repurchase agreements. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market price. Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Service Center are presented on the financial statements as “equity in pooled cash and cash equivalents”. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as “investments”.

F. 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>Description</u>	<u>Estimated Lives</u>
<i>Building 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>

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

G. 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.

H. 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.

I. 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.

J. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the Service Center classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Service Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Service Center Board of Governors. The Board of Governors has by resolution authorized the treasurer to assign fund balance.

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

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

K. 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.

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

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

L. 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.

M. 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 2012.

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.

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.

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;
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 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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 (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period of 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Service Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, qualified trustee 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 \$(190,020). Based on criteria described in GASB 40, "Deposits and Investments Risk Disclosure", as of June 30, 2012, 100% of the bank balance of \$63,689 was covered by 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.

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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's investment in a repurchase agreement is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Service Center. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal balance of the securities subject to a repurchase agreement by 2%. 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 2012 was in an overnight repurchase account, with a year ending balance of \$5,085,000. The Service Center's investments in the federal agency securities that underlie the School District's repurchase agreement were rated Aaa by Moody's Investor Services.

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

Interest is legally required to be placed in the general fund. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$6,361, which includes \$147 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	\$ 2,009,344
Service provided to others	1,218,140
Grants	<u>637,226</u>
Total Intergovernmental Receivable	<u>\$ 3,864,710</u>

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Governmental Activities				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 207,778	\$ 0	\$ 0	\$ 207,778
<i>Capital Assets, Being Depreciated</i>				
Furniture and equipment	782,058	7,638	0	789,696
Building and improvements	1,854,192	0	0	1,854,192
Vehicles	31,376	0	0	31,376
<i>Total Capital Assets, Being Depreciated</i>	<u>2,667,626</u>	<u>7,638</u>	<u>0</u>	<u>2,675,264</u>
<i>Accumulated Depreciation</i>				
Furniture and equipment	(705,347)	(29,832)	0	(735,179)
Building and improvements	(153,366)	(38,655)	0	(192,021)
Vehicles	(31,376)	0	0	(31,376)
<i>Total Accumulated Depreciated</i>	<u>(890,089)</u>	<u>(68,487)</u>	<u>0</u>	<u>(958,576)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>1,777,537</u>	<u>(60,849)</u>	<u>0</u>	<u>1,716,688</u>
<i>Governmental Activities, Capital Assets, Net</i>	<u>\$ 1,985,315</u>	<u>\$ (60,849)</u>	<u>\$ 0</u>	<u>\$ 1,924,466</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 332
Special	7,316
Support Services:	
Instructional Staff	11,451
Administration	21,845
Fiscal	1,985
Operation and Maintenance of Plant	<u>25,558</u>
Total Depreciation	<u>\$ 68,487</u>

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

NOTE 6 - INTERFUND TRANSACTIONS

Interfund balances consisted of the following at June 30, 2012, as reported on the fund financial statements:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 182,363	\$ 0
Educational Regional Service System	0	107,919
Other non-major governmental funds	0	74,444
	<u>\$ 182,363</u>	<u>\$ 182,363</u>

As of June 30, 2012, the educational regional service system, other local grants fund, public school preschool fund, safe and drug free schools grant fund and miscellaneous federal grants special revenue funds reported an unencumbered negative cash balance of \$182,363. As a result, an interfund loan was made by the general fund to eliminate the negative balances. All interfund loans will be repaid in fiscal year 2013 with monies to be received from reimbursable expenditures incurred during fiscal year 2012.

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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 defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org 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 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 2012, 12.65% and .05% of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to 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 and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$380,846, \$319,494 and \$626,684, respectively; 96% has been contributed for fiscal year 2012 and 100% for the fiscal years 2011 and 2010.

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 publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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 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.

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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

Funding Policy - For fiscal year 2012, 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. 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 employer contributions. 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, 2012, 2011 and 2010 were \$1,051,143, \$907,188 and \$859,095, respectively; 99% has been contributed for fiscal year 2012 and 100% for the fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$56,646 made by the Service Center and \$40,461 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, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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 105(e). For 2012, .55% of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. 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 (including surcharge) for the fiscal years ended June 30, 2012, 2011, and 2010 were \$16,559, \$38,649, and \$22,557, respectively; 96% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2012, the 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, 2012, 2011, and 2010 were \$22,580, \$20,541, and \$37,268, respectively; 96% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010.

B. State Teachers Retirement System

Plan Description - The Service Center contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (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 2012, 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, 2012, 2011, and 2010 were \$80,857, \$69,784, and \$66,084, respectively; 99% has been contributed for fiscal year 2012 and 100% for fiscal years 2011 and 2010.

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

NOTE 10 - LONG TERM OBLIGATIONS

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

	Balance			Balance	Amount Due
	June 30, 2011	Additions	Deductions	June 30, 2012	Within One Year
Governmental Activities:					
Compensated Absences	\$ 162,217	\$ 24,066	\$ (27,417)	\$ 158,866	\$ 30,947
Capital Lease	1,037,732	0	(69,460)	968,272	72,169
Total long term obligations	<u>\$ 1,199,949</u>	<u>\$ 24,066</u>	<u>\$ (96,877)</u>	<u>\$ 1,127,138</u>	<u>\$ 103,116</u>

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

NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In fiscal year 2008, the Service Center entered into a lease-purchase agreement for HVAC improvements for heating and cooling. This lease meets the criteria of a capital lease as it 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. Capital assets acquired by lease have been capitalized in the amount of \$1,230,858; 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.

Principal payments in the current fiscal year totaled \$69,460. 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, 2012:

Year	Amount
2013	\$ 109,931
2014	109,932
2015	109,932
2016	109,932
2017	109,932
2018-2022	549,660
2023	109,933
Total lease payments	1,209,252
Less amount representing interest	(240,980)
Present value of minimum lease payments	<u>\$ 968,272</u>

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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 \$23,538 in contributions to NEOnet.

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

MEO/SERRC is a network with a mission to improve the achievement of children and youths with disabilities by assisting educators and families in the development and delivery of specially designed instructions that is aligned with Ohio's academic and educational content standards. MEO/SERRC also assists 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/SERRC resources are targeted to promote systems change, build capacity and improve outcomes for these targeted students. A board made up of superintendents from all of the participating Service Centers governs MEO/SERRC.

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

NOTE 13 – CONTINGENCIES

A. Grants

The Service Center received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Service Center at June 30, 2012, if applicable, cannot be determined at this time.

B. Litigation

The Service Center is not party to any claims or lawsuits that would, in the Service Center's opinion, have a material effect of the basic financial statements.

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

NOTE 14 - FUND DEFICITS

Fund balances at June 30, 2012 included the following individual fund deficits:

	<u>Fund Balance</u>
Educational Regional Service System	\$ 73,615
Local Grants	148
Public School Preschool	7,003
Safe and Drug Free Schools Grant	1,126
Miscellaneous Federal Grants	106,720

The deficits in these funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in the non-major governmental funds and will provide transfers when cash is required, not when accruals occur.

NOTE 15 – FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Service Center is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	<u>General</u>	<u>Educational Regional Service System</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for:				
Other Purposes	\$ 0	\$ 0	\$ 49,934	\$ 49,934
Assigned for:				
Encumbrances:				
Instructional	36,105	0	0	36,105
Support Services	12,381	0	0	12,381
Public School Support	1,669	0	0	1,669
Total Assigned	50,155	0	0	50,155
Unassigned	4,305,462	(73,615)	(114,997)	4,116,850
Total Fund Balance (Deficit)	<u>\$ 4,355,617</u>	<u>\$ (73,615)</u>	<u>\$ (65,063)</u>	<u>\$ 4,216,939</u>

***Combining Statements for
Nonmajor Governmental Funds***

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds

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

Other Local Grants

To account for funds received from contributions that can be expended for school district programs.

Miscellaneous Local Grants

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

Management Information System

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.

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.

Drug Free Schools

To account for Federal monies used to support the implementation of programs for drug abuse education and prevention.

EHA Preschool Grant

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

Mentoring Grant

To account for monies to hire additional classroom teachers grades 1 through 3, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants

To account 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 Governmental Fund
June 30, 2012

	<u>Nonmajor Special Revenue Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 50,513
Receivables:	
Intergovernmental	<u>30,427</u>
<i>Total Assets</i>	<u><u>\$ 80,940</u></u>
 Liabilities and Fund Balances	
Liabilities	
Accounts Payable	\$ 17,743
Accrued Wages and Benefits	3,009
Intergovernmental Payable	38,544
Interfund Payable	74,444
Deferred Revenue	<u>12,263</u>
<i>Total Liabilities</i>	<u>146,003</u>
 Fund Balances	
Restricted	49,934
Unassigned	<u>(114,997)</u>
<i>Total Fund Balances (Deficit)</i>	<u>(65,063)</u>
 <i>Total Liabilities and Fund Balances</i>	 <u><u>\$ 80,940</u></u>

Summit County Educational Service Center
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Fund
For the Fiscal Year Ended June 30, 2012

	Nonmajor Special Revenue Funds
Revenues	
Intergovernmental	\$ 903,758
Contributions and Donations	599
	904,357
<i>Total Revenues</i>	<i>904,357</i>
Expenditures	
Current:	
Instruction:	
Regular	245,694
Special	203,198
Support Services:	
Pupils	56,550
Instructional Staff	354,252
Fiscal	38,362
Operation and Maintenance of Plant	3,503
Central	35,400
	936,959
<i>Total Expenditures</i>	<i>936,959</i>
<i>Net Change in Fund Balance</i>	<i>(32,602)</i>
<i>Fund Balances (Deficit) Beginning of Year</i>	<i>(32,461)</i>
<i>Fund Balances (Deficit) End of Year</i>	<i>\$ (65,063)</i>

Summit County Educational Service Center
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012

	Other Local Grants	Miscellaneous Local Grants	Management Information System	Public School Preschool	SchoolNet Professional Development
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 25,752	\$ 0	\$ 0	\$ 357
Receivables:					
Intergovernmental	0	75	0	17,877	0
<i>Total Assets</i>	<u>\$ 0</u>	<u>\$ 25,827</u>	<u>\$ 0</u>	<u>\$ 17,877</u>	<u>\$ 357</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 0	\$ 579	\$ 0	\$ 7,120	\$ 0
Accrued Wages and Benefits	0	0	0	3,009	0
Intergovernmental Payable	0	0	0	950	0
Interfund Payable	148	0	0	5,885	0
Deferred Revenue	0	75	0	7,916	0
<i>Total Liabilities</i>	<u>148</u>	<u>654</u>	<u>0</u>	<u>24,880</u>	<u>0</u>
Fund Balances					
Restricted	0	25,173	0	0	357
Unassigned	(148)	0	0	(7,003)	0
<i>Total Fund Balances (Deficit)</i>	<u>(148)</u>	<u>25,173</u>	<u>0</u>	<u>(7,003)</u>	<u>357</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 0</u>	<u>\$ 25,827</u>	<u>\$ 0</u>	<u>\$ 17,877</u>	<u>\$ 357</u>

Dual Credit Grant	Miscellaneous State Grants	Drug Free Schools	EHA Preschool Grant	Mentoring Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 24,404	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,513
<u>0</u>	<u>0</u>	<u>0</u>	<u>12,475</u>	<u>0</u>	<u>0</u>	<u>30,427</u>
<u>\$ 24,404</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,475</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80,940</u>
\$ 0	\$ 0	\$ 0	\$ 2,077	\$ 0	\$ 7,967	\$ 17,743
0	0	0	0	0	0	3,009
0	0	0	290	0	37,304	38,544
0	0	0	6,962	0	61,449	74,444
<u>0</u>	<u>0</u>	<u>0</u>	<u>4,272</u>	<u>0</u>	<u>0</u>	<u>12,263</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>13,601</u>	<u>0</u>	<u>106,720</u>	<u>146,003</u>
24,404	0	0	0	0	0	49,934
<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,126)</u>	<u>0</u>	<u>(106,720)</u>	<u>(114,997)</u>
<u>24,404</u>	<u>0</u>	<u>0</u>	<u>(1,126)</u>	<u>0</u>	<u>(106,720)</u>	<u>(65,063)</u>
<u>\$ 24,404</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,475</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80,940</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, 2012

	Other Local Grants	Miscellaneous Local Grants	Management Information System	Public School Preschool	SchoolNet Professional Development
Revenues					
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 163,084	\$ 0
Contributions and Donations	0	599	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>599</u>	<u>0</u>	<u>163,084</u>	<u>0</u>
Expenditures					
Current:					
Instruction:					
Regular	0	800	0	0	0
Special	0	599	0	127,439	0
Support Services:					
Pupils	0	0	0	39,000	0
Instructional Staff	148	7,436	0	0	855
Fiscal	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	3,503	0
Central	0	0	3,000	0	0
<i>Total Expenditures</i>	<u>148</u>	<u>8,835</u>	<u>3,000</u>	<u>169,942</u>	<u>855</u>
<i>Net Change in Fund Balance</i>	(148)	(8,236)	(3,000)	(6,858)	(855)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>0</u>	<u>33,409</u>	<u>3,000</u>	<u>(145)</u>	<u>1,212</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ (148)</u>	<u>\$ 25,173</u>	<u>\$ 0</u>	<u>\$ (7,003)</u>	<u>\$ 357</u>

Dual Credit Grant	Miscellaneous State Grants	Drug Free Schools	EHA Preschool Grant	Mentoring Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 75,000	\$ 91,130	\$ 0	\$ 574,544	\$ 903,758
0	0	0	0	0	0	599
0	0	75,000	91,130	0	574,544	904,357
29,654	0	0	0	0	215,240	245,694
0	0	0	75,160	0	0	203,198
0	0	0	17,550	0	0	56,550
459	215	75,000	0	1	270,138	354,252
0	0	0	0	0	38,362	38,362
0	0	0	0	0	0	3,503
0	0	0	0	0	32,400	35,400
30,113	215	75,000	92,710	1	556,140	936,959
(30,113)	(215)	0	(1,580)	(1)	18,404	(32,602)
54,517	215	0	454	1	(125,124)	(32,461)
\$ 24,404	\$ 0	\$ 0	\$ (1,126)	\$ 0	\$ (106,720)	\$ (65,063)

Combining Statements Agency Funds

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

Employee Benefits

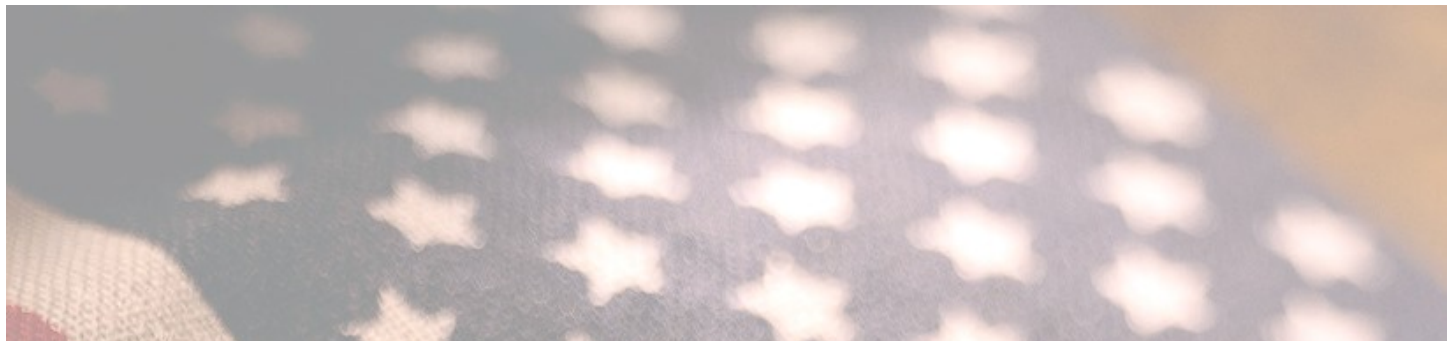
To account for those assets held by the Service Center as an agent for individuals. Assets held include items related to payroll transactions.

Summit County Educational Service Center
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2012

	Service Center Agency	Employee Benefits	Total Agency Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 96,595	\$ 0	\$ 96,595
Intergovernmental Receivable	2,820	0	2,820
Accounts Receivable	650	0	650
<i>Total Assets</i>	<u>\$ 100,065</u>	<u>\$ 0</u>	<u>\$ 100,065</u>
Liabilities			
Accounts Payable	\$ 5,490	\$ 0	\$ 5,490
Undistributed Monies	94,575	0	94,575
<i>Total Liabilities</i>	<u>\$ 100,065</u>	<u>\$ 0</u>	<u>\$ 100,065</u>

Summit County Educational Service Center
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2012

	Beginning Balance 7/1/11	Additions	Deductions	Ending Balance 6/30/12
Service Center Agency				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 89,770	\$ 87,494	\$ 80,669	\$ 96,595
Receivables:				
Accounts	1,350	650	1,350	650
Intergovernmental	445	2,820	445	2,820
Total Assets	<u>\$ 91,565</u>	<u>\$ 90,964</u>	<u>\$ 82,464</u>	<u>\$ 100,065</u>
<u>Liabilities:</u>				
Accounts Payable	\$ 5,136	\$ 5,490	\$ 5,136	\$ 5,490
Intergovernmental Payable	5,449	-	5,449	0
Undistributed Monies	80,980	15,615	2,020	94,575
Total Liabilities	<u>\$ 91,565</u>	<u>\$ 21,105</u>	<u>\$ 12,605</u>	<u>\$ 100,065</u>
Employee Benefits				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 26,081	\$ -	\$ 26,081	\$ -
Total Assets	<u>\$ 26,081</u>	<u>\$ -</u>	<u>\$ 26,081</u>	<u>\$ -</u>
<u>Liabilities:</u>				
Intergovernmental Payable	\$ 26,081	\$ -	\$ 26,081	\$ -
Total Liabilities	<u>\$ 26,081</u>	<u>\$ -</u>	<u>\$ 26,081</u>	<u>\$ -</u>
Total - All Agency Funds				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 115,851	\$ 87,494	\$ 106,750	\$ 96,595
Receivables:				
Accounts	1,350	650	1,350	650
Intergovernmental	445	2,820	445	2,820
Total Assets	<u>\$ 117,646</u>	<u>\$ 90,964</u>	<u>\$ 108,545</u>	<u>\$ 100,065</u>
<u>Liabilities:</u>				
Accounts Payable	\$ 5,136	\$ 5,490	\$ 5,136	\$ 5,490
Intergovernmental Payable	31,530	-	31,530	-
Undistributed Monies	80,980	15,615	2,020	94,575
Total Liabilities	<u>\$ 117,646</u>	<u>\$ 21,105</u>	<u>\$ 38,686</u>	<u>\$ 100,065</u>



Summit County

Educational Service Center



Statistical Section

STATISTICAL SECTION

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

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.

50-57

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".

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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.

59-67

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.

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<i><u>Governmental Activities:</u></i>				
Invested in Capital Assets, Net of Related Debt	\$ 956,194	\$ 947,583	\$ 934,281	\$ 957,966
Restricted	333,572	377,913	673,040	471,531
Unrestricted	<u>6,052,372</u>	<u>6,581,550</u>	<u>6,797,030</u>	<u>6,511,875</u>
Total Governmental Activities Net Assets	<u>\$ 7,342,138</u>	<u>\$ 7,907,046</u>	<u>\$ 8,404,351</u>	<u>\$ 7,941,372</u>
<i><u>Primary Government:</u></i>				
Invested in Capital Assets, Net of Related Debt	\$ 956,194	\$ 947,583	\$ 934,281	\$ 957,966
Restricted	333,572	377,913	673,040	471,531
Unrestricted	<u>6,052,372</u>	<u>6,581,550</u>	<u>6,797,030</u>	<u>6,511,875</u>
Total Primary Government Net Assets	<u>\$ 7,342,138</u>	<u>\$ 7,907,046</u>	<u>\$ 8,404,351</u>	<u>\$ 7,941,372</u>

Source: FY2003- FY2012 Service Center Audit Reports

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 956,526	\$ 993,685	\$ 1,022,788	\$ 234,052	\$ 271,113	\$ 445,989
1,864,256	272,331	166,267	212,594	377,156	294,129
<u>4,873,940</u>	<u>4,904,129</u>	<u>4,051,896</u>	<u>4,733,283</u>	<u>4,425,527</u>	<u>4,013,451</u>
<u>\$ 7,694,722</u>	<u>\$ 6,170,145</u>	<u>\$ 5,240,951</u>	<u>\$ 5,179,929</u>	<u>\$ 5,073,796</u>	<u>\$ 4,753,569</u>
\$ 956,526	\$ 993,685	\$ 1,022,788	\$ 234,052	\$ 271,113	\$ 445,989
1,864,256	272,331	166,267	212,594	377,156	294,129
<u>4,873,940</u>	<u>4,904,129</u>	<u>4,051,896</u>	<u>4,733,283</u>	<u>4,425,527</u>	<u>4,013,451</u>
<u>\$ 7,694,722</u>	<u>\$ 6,170,145</u>	<u>\$ 5,240,951</u>	<u>\$ 5,179,929</u>	<u>\$ 5,073,796</u>	<u>\$ 4,753,569</u>

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

	2012	2011	2010	2009
Primary Government:				
<u>Expenses:</u>				
Governmental Activities:				
Instruction:				
Regular	\$ 867,600	\$ 923,978	\$ 913,601	\$ 605,811
Special	5,771,610	4,327,833	3,812,318	3,373,034
Vocational	75,995	88,980	69,889	65,783
Adult/Continuing	-	-	-	1,550
Support Services:				
Pupils	3,649,489	3,136,536	2,993,203	2,883,336
Instructional Staff	4,622,772	4,250,972	4,187,584	4,624,215
Board of Governors	68,640	59,229	87,926	60,635
Administration	647,737	706,592	810,933	1,226,557
Fiscal	345,505	317,541	457,431	332,287
Business	56,890	47,809	32,585	42,141
Operation and Maintenance of Plant	388,307	316,129	395,811	427,400
Pupil Transportation	-	-	-	-
Central	193,077	200,088	210,520	253,570
Operation of Non-Instructional Services	-	-	13,000	-
Extracurricular Activities	57,482	56,002	21,865	43,959
Interest and fiscal charges	40,472	43,172	46,230	49,229
Total Governmental Activities - Expenses	<u>16,785,576</u>	<u>14,474,861</u>	<u>14,052,896</u>	<u>13,989,507</u>
<u>Program Revenues:</u>				
Governmental Activities:				
Charges for Services:				
Instruction:				
Regular	488,860	541,225	673,409	415,158
Special	4,926,528	3,362,495	3,202,215	2,755,621
Vocational	61,149	69,192	66,643	60,088
Adult/Continuing	-	-	-	-
Support Services:				
Pupils	3,065,263	2,464,636	2,633,798	2,501,779
Instructional Staff	1,636,128	1,797,166	1,641,917	1,453,927
Board of Governors	10,065	48,073	23,853	-
Administration	337,676	539,361	393,634	506,014
Fiscal	272,678	113,086	298,316	260,372
Business	11,154	35,863	1,699	4,128
Operation and Maintenance of Plant	222,971	240,878	115,736	105,538
Central	133,655	132,324	152,931	192,978
Extracurricular	46,902	44,125	20,685	40,358
Operating Grants and Contributions				
Instruction:				
Regular	303,486	210,085	145,642	218,379
Special	206,355	129,913	139,951	41,671
Adult/Continuing	-	-	-	-
Support Services:				
Pupils	63,797	54,383	63,038	97,383
Instructional Staff	1,862,649	1,771,441	2,213,428	2,472,629
Administration	56	23,644	71,438	374,738
Fiscal	4,831	86,332	133,739	43,367
Operation and Maintenance of Plant	62,936	60,067	167,923	193,768
Central	33,473	6,506	38,782	3,000
Operation of Non-Instructional Services	-	-	12,768	-
Total Governmental Activities Program Revenues	<u>13,750,612</u>	<u>11,730,795</u>	<u>12,211,545</u>	<u>11,740,896</u>
Net (expense)/revenue	(3,034,964)	(2,744,066)	(1,841,351)	(2,248,611)
<u>General Revenues and Other Changes in Net Assets</u>				
Grants and Entitlements not Restricted				
to Specific Programs	2,448,486	2,351,492	2,290,684	2,406,256
Investment Earnings	6,361	9,617	13,157	65,048
Miscellaneous	15,209	314	489	23,957
Total Governmental Activities	<u>2,470,056</u>	<u>2,361,423</u>	<u>2,304,330</u>	<u>2,495,261</u>
<u>Change in Net Assets:</u>				
Governmental Activities	<u>\$ (564,908)</u>	<u>\$ (382,643)</u>	<u>\$ 462,979</u>	<u>\$ 246,650</u>

Source: FY2003- FY2012 Service Center Audit Reports

2008	2007	2006	2005	2004	2003
\$ 540,996	\$ 369,429	\$ 349,962	\$ 209,664	\$ 8,909	\$ 11,290
2,998,717	2,904,473	2,359,153	1,923,412	1,870,194	2,105,265
60,090	58,931	56,693	53,325	51,425	58,106
1,215	1,888	4,739	3,843	6,098	48,034
2,964,052	2,586,241	2,413,522	1,946,972	1,797,642	1,696,117
3,204,321	2,284,496	2,256,066	2,183,010	2,196,860	2,081,258
69,199	55,669	58,371	28,563	63,916	31,509
1,332,565	846,333	778,517	813,310	768,258	592,645
307,573	270,605	249,872	236,049	210,193	211,210
42,678	63,513	45,152	50,286	27,818	57,747
210,114	123,790	106,250	142,367	148,626	107,352
226,744	-	-	-	-	-
12,696	248,083	207,542	433,416	799,918	248,863
-	-	-	-	-	-
1,778	19,638	13,166	20,304	-	-
-	2,299	1,545	1,051	1,881	2,359
<u>11,972,738</u>	<u>9,835,388</u>	<u>8,900,550</u>	<u>8,045,572</u>	<u>7,951,738</u>	<u>7,251,755</u>
300,784	161,796	121,485	106,586	421	113,366
2,342,484	2,312,742	1,737,617	1,535,977	1,523,623	1,113,837
50,568	145,649	109,360	95,948	50,839	54,474
-	6,156	4,622	4,055	-	11,238
2,369,294	1,736,547	1,303,883	1,160,980	981,634	1,211,153
1,463,840	1,287,488	966,602	844,990	671,018	970,387
58,051	2,198	1,650	1,448	-	4,013
523,350	1,088,987	817,664	717,389	1,120,610	582,044
225,858	40,654	30,525	26,781	50,435	27,081
34,815	3,078	2,311	2,028	-	5,619
109,400	4,837	3,632	3,186	-	8,830
157,361	231,928	174,141	162,237	211,660	168,343
-	-	-	-	-	-
219,603	94,038	459,995	-	-	-
149,113	181,428	218,335	394,094	201,669	158,036
1,222	-	-	-	10,369	50,592
123,746	-	29,299	154,037	43,894	36,059
1,734,960	384,365	121,223	210,792	387,380	223,456
986,919	281,165	-	-	141,034	184,748
16,810	-	-	-	22,777	38,574
49,022	-	-	-	-	-
-	3,000	482	354	389,532	3,828
-	-	-	-	-	-
<u>10,917,200</u>	<u>7,966,056</u>	<u>6,102,826</u>	<u>5,420,882</u>	<u>5,806,895</u>	<u>4,965,678</u>
(1,055,538)	(1,869,332)	(2,797,724)	(2,624,690)	(2,144,843)	(2,286,077)
2,302,630	2,441,160	2,487,564	2,579,771	2,498,378	2,585,662
228,370	329,136	255,665	126,759	58,045	78,544
49,115	28,230	115,517	24,293	35,245	38,435
<u>2,580,115</u>	<u>2,798,526</u>	<u>2,858,746</u>	<u>2,730,823</u>	<u>2,591,668</u>	<u>2,702,641</u>
<u>\$ 1,524,577</u>	<u>\$ 929,194</u>	<u>\$ 61,022</u>	<u>\$ 106,133</u>	<u>\$ 446,825</u>	<u>\$ 416,564</u>

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

	<u>General Fund</u>			
	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009
Unreserved	\$ -	\$ -	\$ -	\$ 5,046,947
Reserved	-	-	-	90,147
Assigned	50,155	56,747	35,566	N/A
Unassigned	4,305,462	6,046,993	5,393,947	N/A
Total fund balance	\$ 4,355,617	\$ 6,103,740	\$ 5,429,513	\$ 5,137,094

	<u>All Other Governmental Funds</u>			
	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009
Fund balance, reserved	\$ -	\$ -	\$ -	\$ 81,920
Fund balance, unreserved reported in:				
Special revenue funds	-	-	-	342,351
Capital project funds	-	-	-	2,243
Restricted	49,934	92,808	269,620	N/A
Unassigned	(188,612)	(195,023)	-	N/A
Total fund balance	\$ (138,678)	\$ (102,215)	\$ 269,620	\$ 426,514

Source: FY2003 - FY2012 Service Center Audit Report

NOTE: Fund Balance classifications changed with the implementation of GASB Statement #54 in fiscal year 2011

Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005	Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003
\$ 5,300,862	\$ 4,013,583	\$ 3,874,349	\$ 4,208,418	\$ 4,033,875	\$ 3,642,819
130,629	133,345	80,720	111,428	86,221	150,241
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$ 5,431,491</u>	<u>\$ 4,146,928</u>	<u>\$ 3,955,069</u>	<u>\$ 4,319,846</u>	<u>\$ 4,120,096</u>	<u>\$ 3,793,060</u>

Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005	Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003
\$ 447,043	\$ 111,352	\$ 16,904	\$ 1,141	\$ 124,784	\$ 82,600
(71,835)	160,973	149,363	209,966	234,355	190,887
1,231,224	-	-	-	-	-
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
<u>\$ 1,606,432</u>	<u>\$ 272,325</u>	<u>\$ 166,267</u>	<u>\$ 211,107</u>	<u>\$ 359,139</u>	<u>\$ 273,487</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, 2012	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009
Revenues:				
Intergovernmental	\$ 5,317,018	\$ 4,798,963	\$ 5,043,267	\$ 6,064,539
Interest	6,361	9,617	13,157	65,048
Tuition and fees	1,608,558	2,989,405	1,621,441	1,021,296
Gifts and donations	599	-	13,330	-
Charges for services	8,352,304	7,412,298	7,559,568	6,596,537
Miscellaneous	15,207	6,863	2,657	22,235
Total revenues	<u>15,300,047</u>	<u>15,217,146</u>	<u>14,253,420</u>	<u>13,769,655</u>
Expenditures:				
Current:				
Instruction:				
Regular	873,398	924,067	912,276	605,374
Special	5,755,354	4,317,750	3,790,998	3,356,855
Vocational	75,510	88,926	69,782	65,496
Adult/continuing	-	-	-	1,550
Support services:				
Pupils	3,658,288	3,171,368	2,995,724	2,912,098
Instructional staff	4,693,692	4,337,367	4,158,601	4,622,372
Board of Governors	68,640	59,229	87,926	60,635
Administration	619,275	729,115	793,852	1,215,504
Fiscal	467,530	460,589	452,161	329,721
Business	56,875	45,163	31,755	39,721
Operation and maintenance of plant	449,129	411,552	345,834	382,724
Central	199,228	198,113	208,469	256,179
Operation of Non-Instructional Services	-	-	13,000	-
Extracurricular activities	57,782	55,936	21,631	43,959
Capital outlay	-	-	-	1,230,858
Debt service:				
Principal retirement	69,460	72,407	74,994	71,995
Interest and fiscal charges	40,472	43,172	46,230	49,229
Total expenditures	<u>17,084,633</u>	<u>14,914,754</u>	<u>14,003,233</u>	<u>15,244,270</u>
Excess of Revenues Over (Under)				
Expenditures	(1,784,586)	302,392	250,187	(1,474,615)
Other Financing Sources (Uses):				
Inception of capital lease	-	-	-	-
Proceeds from lease-purchase agreement	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,784,586)</u>	<u>\$ 302,392</u>	<u>\$ 250,187</u>	<u>\$ (1,474,615)</u>
Debt Service as a Percentage of Noncapital Expenditures	0.6%	0.8%	0.9%	0.9%

Source: FY2003 - FY2012 Service Center Audit Reports

Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005	Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003
\$ 5,292,136	\$ 3,383,717	\$ 3,318,493	\$ 3,355,470	\$ 3,697,657	\$ 3,359,436
228,370	329,136	255,665	126,759	58,045	78,544
1,633,981	622,444	1,046,086	883,945	499,384	362,000
9,200	804	1,598	3,150	400	1,300
6,057,338	5,806,717	4,595,247	3,824,549	4,061,944	3,958,308
94,670	29,670	115,515	21,143	34,845	37,135
<u>13,315,695</u>	<u>10,172,488</u>	<u>9,332,604</u>	<u>8,215,016</u>	<u>8,352,275</u>	<u>7,796,723</u>
540,400	368,742	336,401	207,839	8,540	11,623
2,988,392	2,897,878	2,349,568	2,020,576	1,852,159	2,105,228
59,943	58,788	56,434	52,865	49,872	59,879
1,215	1,888	4,739	3,843	6,098	48,034
2,949,490	2,573,179	2,439,096	1,945,466	1,818,538	1,699,325
3,194,039	2,307,966	2,243,598	2,215,781	2,173,122	2,053,197
69,199	55,669	58,371	47,806	45,037	31,145
1,329,878	868,685	799,137	805,641	772,508	610,079
306,580	307,187	271,289	238,834	242,727	246,439
38,642	60,758	44,675	51,649	27,789	53,568
178,773	97,064	951,376	120,368	121,694	96,325
247,015	245,847	209,720	419,619	797,732	250,746
-	-	-	-	-	-
12,725	19,628	13,156	20,295	-	-
-	-	-	-	11,055	-
9,514	8,993	12,203	11,665	10,835	13,252
1,778	2,299	1,545	1,051	1,881	2,359
<u>11,927,583</u>	<u>9,874,571</u>	<u>9,791,308</u>	<u>8,163,298</u>	<u>7,939,587</u>	<u>7,281,199</u>
1,388,112	297,917	(458,704)	51,718	412,688	515,524
-	-	49,087	-	-	13,000
1,230,858	-	-	-	-	-
-	-	-	-	24,301	-
-	-	-	-	(24,301)	-
<u>1,230,858</u>	<u>-</u>	<u>49,087</u>	<u>-</u>	<u>-</u>	<u>13,000</u>
<u>\$ 2,618,970</u>	<u>\$ 297,917</u>	<u>\$ (409,617)</u>	<u>\$ 51,718</u>	<u>\$ 412,688</u>	<u>\$ 528,524</u>
0.1%	0.1%	0.1%	0.2%	0.2%	0.2%

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

Source	Fiscal Year 2012 (1) Amount	% Of The Total Largest Own Revenue Source	Source	Fiscal Year 2003 (1) Amount	% Of The Total Largest Own Revenue Source
Preschool Excess Costs	\$ 1,729,890	15%	School Foundation Basic Allowance	\$ 1,505,939	34%
School Foundation Basic Allowance	1,458,545	13%	Foundation Pre-School Units	470,844	11%
Kids First Autism Tuition	734,278	7%	Preschool Excess Costs	446,418	10%
Foundation Pre-School Units	677,454	6%	Psychological Services	403,375	9%
Copley-Farilawn School District	637,216	6%	Copley-Farilawn School District	397,514	9%
Psychological Services	483,438	4%	Cuyahoga Falls School District	338,439	8%
Cuyahoga Falls School District	460,334	4%	Transfer In	306,501	7%
C & I Contracted Services	391,320	3%	Revere School District	226,765	5%
Barberton School District	377,800	3%	C & I Contracted Services	224,808	5%
ATM-Tuition	368,662	3%	Green School District	208,912	5%
Total Top Payers/Users of Services	<u>7,318,937</u>	<u>65%</u>		<u>4,529,515</u>	<u>105%</u>
Total Charges for Services (2)	<u>\$ 11,213,029</u>		Total Charges for Services (2)	<u>\$ 4,270,385</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) 2003 - 2012 is reported for governmental activities using the 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>2002</u>	<u>2011</u>
Civilian labor force in county	281,200	283,100
Unemployed in county	16,800	24,000
Unemployment rate in county	6.0%	8.5%
Unemployment rate - Ohio	5.7%	8.6%

Ten Largest Employers in Summit County as of December 31, 2011

Employer	Nature of Activity or Business	Approximate Number of Employees	Percent of Total Employed
Summa Health System	Medical	10,000	3.86%
Akron General Medical Center	Hospital	4,277	1.65%
County of Summit, Ohio	Government	3,468	1.34%
Akron Public School District	Elementary and Secondary Ed.	3,094	1.19%
The Goodyear Tire and Rubber Company	Rubber Products	3,000	1.16%
University of Akron	Higher Education	2,845	1.10%
First Energy Corporation	Utilities	2,708	1.05%
First Merit Corporation	Banking	2,695	1.04%
Akron Children's Hospital	Medical	2,681	1.04%
Time Warner Cable NEO	Utilities	2,440	0.94%

Ten Largest Employers in Summit County as of December 31, 2002

Employer	Nature of Activity or Business	Approximate Number of Employees	Percent of Total Employed
Summa Health System	Medical	4,813	1.82%
Akron General Medical Center	Medical	4,807	1.82%
Goodyear Tire and Rubber Company	Rubber Products	3,900	1.48%
County of Summit, Ohio	Government	3,468	1.31%
Akron Public School District	Elementary and Secondary Ed	3,000	1.14%
City of Akron	Government	2,484	0.94%
First Energy Corporation	Utilities	2,467	0.93%
Chrysler Corporation, Stamping Plant	Automotive	2,388	0.90%
University of Akron	High Education	2,159	0.82%
Akron Children's Hospital	Medical	1,898	0.72%

Source: County of Summit/Ohio CAFR

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

School District (1)	2011 Personal Tax Returns		2002 Personal Tax Returns	
	Total District Personal Income	Per Capita Personal Income	Total District Personal Income	Per Capita Personal Income
Barberton CSD	\$ 365,400,807	\$ 32,625	\$ 397,079,417	\$ 31,452
Copley-Fairlawn CSD	784,337,766	72,989	627,633,253	62,732
Coventry LSD	277,398,328	43,712	223,332,587	40,204
Cuyahoga Falls CSD	889,558,197	42,193	933,398,421	40,094
Green LSD	725,670,439	59,692	527,962,784	49,076
Hudson CSD	1,391,081,952	126,232	1,177,937,737	105,834
Manchester LSD	193,689,314	45,191	175,883,904	41,394
Mogadore LSD	79,353,340	39,816	91,861,375	38,842
Nordonia Hills CSD	937,048,028	57,123	734,812,740	50,768
Norton CSD	301,012,160	44,667	266,886,342	40,236
Revere LSD	1,215,508,244	130,433	738,841,972	103,450
Springfield LSD	330,896,681	39,234	261,857,541	36,228
Stow-Munroe Falls CSD	1,110,973,355	55,680	954,119,279	49,252
Tallmadge CSD	420,631,174	48,990	361,008,865	44,602
Twinsburg CSD	766,969,010	63,480	555,172,932	5,343
Woodridge LSD	513,338,151	60,628	233,404,701	68,008

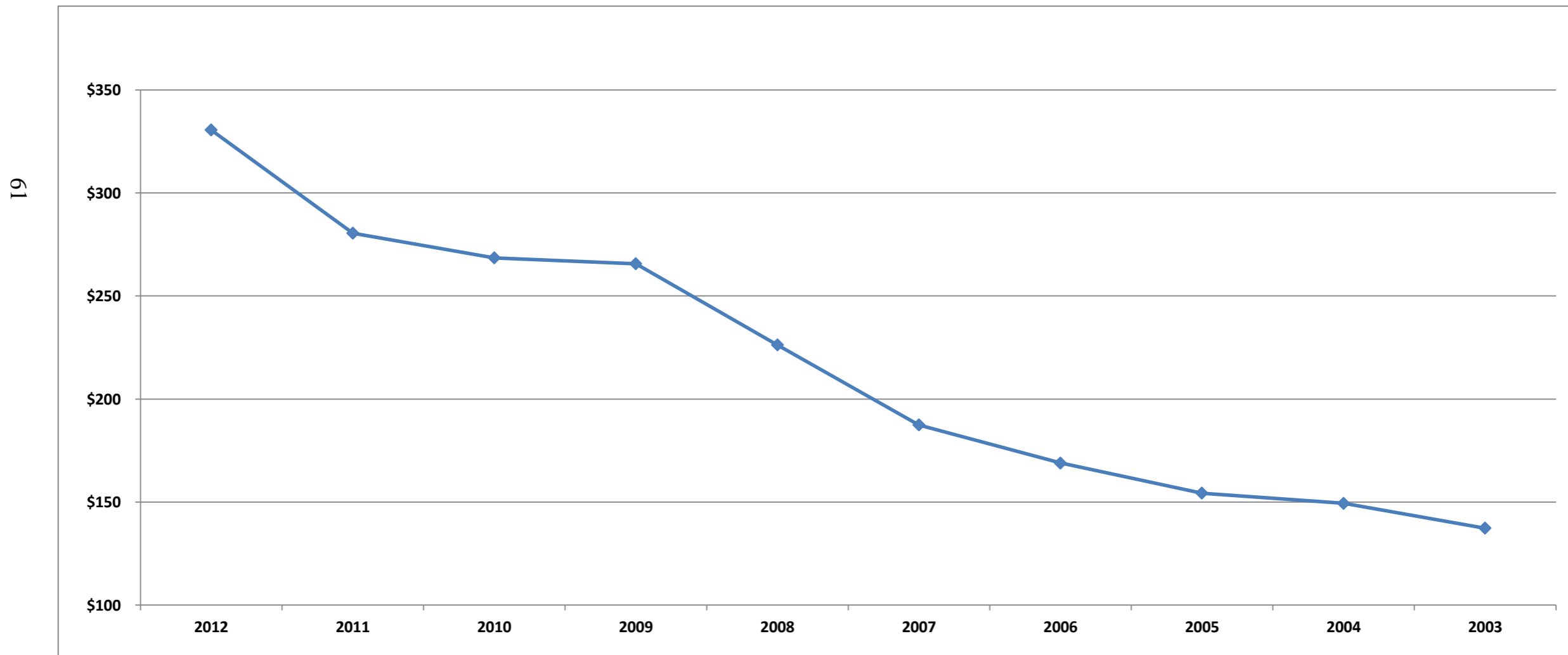
Source: Ohio Department of Taxation

(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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
(1) Expenses/Expenditures	\$ 16,785,576	\$ 14,474,861	\$ 14,052,896	\$ 13,989,507	\$ 11,972,738	\$ 9,835,388	\$ 8,900,550	\$ 8,163,298	\$ 7,939,587	\$ 7,281,199
(2) ADM	50,768	51,600	52,345	52,665	52,912	52,483	52,681	52,902	53,152	53,040
Expenditures/ADM	\$ 331	\$ 281	\$ 268	\$ 266	\$ 226	\$ 187	\$ 169	\$ 154	\$ 149	\$ 137

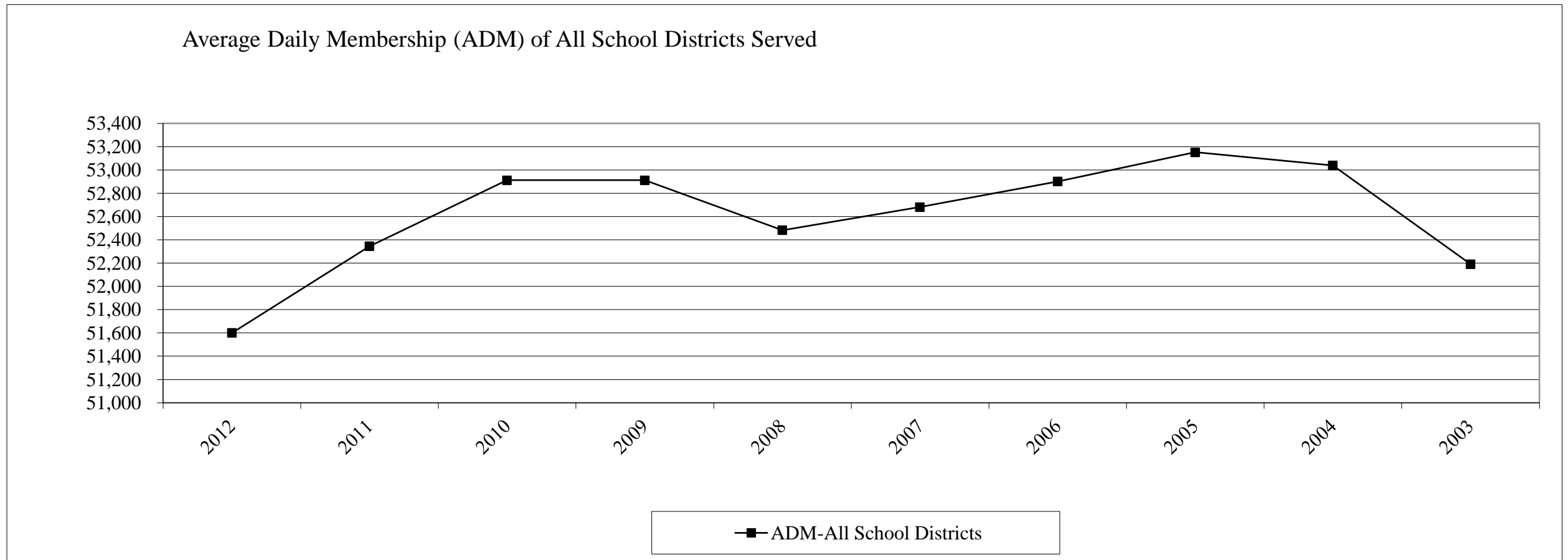
Expenditures per Average Daily Membership (ADM)



(1) FY2003-FY2012 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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
ADM	50,768	51,600	52,345	52,912	52,912	52,483	52,681	52,902	53,152	53,040
Percent Change	-1.61%	-1.42%	-1.07%	0.00%	0.82%	-0.38%	-0.42%	-0.47%	0.21%	1.81%



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

Fiscal Year Ended June 30,	Barberton City School District			Copley-Fairlawn City School District		
	2011	2010	2009	2011	2010	2009
Fall Enrollment	3,676	4,101	3,660	3,156	3,369	3,221
<u>Demographic Data:</u>						
Average Income	\$24,583	\$25,696	\$25,696	\$43,434	\$44,708	\$44,708
Revenue/Pupil	\$11,396	\$10,946	\$11,690	\$10,548	\$9,461	\$9,258
Local %	25.7%	25.8%	27.4%	74.4%	72.2%	75.1%
State %	54.9%	57.7%	56.1%	20.9%	21.9%	20.8%
Federal %	19.4%	16.4%	16.4%	4.7%	5.9%	4.1%
<u>Fiscal Data:</u>						
Effective Mills	58.57	54.74	54.78	57.67	55.58	48.56
Average Teacher Salary	\$57,857	\$57,857	\$56,327	\$63,489	\$63,489	\$63,196
<u>Staff Data:</u>						
Staff Attendance Rate	95.20	95.30	95.60	94.60	95.00	95.40
Number of Teachers	273.50	274.00	267.10	194.60	195.00	198.20
Student/Teacher Ratio	13.44	14.97	17.20	16.22	17.28	20.90
<u>Output:</u>						
Pupil Attendance Rate	93.30	93.30	93.30	95.00	95.00	95.90
Graduation Rate	91.90	91.90	88.60	98.50	98.50	97.50

Fiscal Year Ended June 30,	Nordonia Hills City School District			Norton City School District		
	2011	2010	2009	2011	2010	2009
Fall Enrollment	39,979	4,041	3,915	2,543	2,214	2,562
<u>Demographic Data:</u>						
Average Income	\$41,631	\$42,795	\$42,795	\$33,898	\$34,254	\$34,254
Revenue/Pupil	\$9,405	\$9,938	\$9,696	\$8,155	\$8,308	\$8,322
Local %	64.9%	64.6%	64.4%	54.0%	51.7%	51.9%
State %	30.9%	30.2%	29.8%	40.6%	40.6%	43.7%
Federal %	4.2%	5.2%	3.8%	5.4%	7.7%	4.4%
<u>Fiscal Data:</u>						
Effective Mills	60.86	52.89	52.84	54.85	52.54	52.42
Average Teacher Salary	\$58,962	\$58,962	\$58,597	\$55,434	\$55,434	\$52,900
<u>Staff Data:</u>						
Staff Attendance Rate	94.10	95.20	95.20	95.70	95.20	95.80
Number of Teachers	235.60	236.00	234.20	149.70	150.00	152.30
Student/Teacher Ratio	16.89	17.12	19.20	16.99	14.76	19.20
<u>Output:</u>						
Pupil Attendance Rate	95.00	95.00	95.40	95.00	95.00	95.00
Graduation Rate	96.20	96.20	95.60	96.10	96.10	97.40

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

(1) Information is not available for fiscal year 2012 due to this year still being under audit for some schools.

Coventry Local School District			Cuyahoga Falls City School District			Green Local School District		
2011	2010	2009	2011	2010	2009	2011	2010	2009
2,239	1,582	2,339	4,721	5,050	4,790	4,167	4,334	4,175
\$31,383	\$32,234	\$32,234	\$31,599	\$32,220	\$32,220	\$37,360	\$37,935	\$37,935
\$9,270	\$7,897	\$7,819	\$9,496	\$9,475	\$9,329	\$7,784	\$7,975	\$7,847
65.5%	63.0%	64.0%	60.1%	59.8%	61.4%	52.9%	53.5% #	52.5%
25.7%	26.5%	28.7%	35.2%	34.6%	35.2%	40.1%	39.9% #	42.4%
8.7%	10.5%	7.3%	4.8%	5.6%	3.4%	7.0%	6.6% #	5.1%
70.56	67.10	60.58	68.09	60.10	60.89	63.84	53.57	53.50
\$50,463	\$50,463	\$49,825	\$54,663	\$54,663	\$54,615	\$56,761	\$56,761	\$56,603
94.60	93.50	95.40	94.20	94.20	95.30	94.10	95.10	95.30
142.30	142.00	136.70	315.10	315.00	312.30	238.00	238.00	233.50
15.73	11.14	20.10	14.98	16.03	17.90	17.51	18.21	19.10
94.70	94.70	94.40	95.00	95.00	94.90	95.00	95.00	95.50
95.00	95.00	94.00	96.40	96.40	96.10	96.60	96.60	97.10
Revere Local School District			Springfield Local School District			Stow-Munroe Falls City School District		
2011	2010	2009	2011	2010	2009	2011	2010	2009
2,708	2,865	2,651	2,364	2,482	2,366	5,345	5,476	5,507
\$55,664	\$56,323	\$56,323	\$29,306	\$30,736	\$30,736	\$38,705	\$39,925	\$39,925
\$11,485	\$11,750	\$10,874	\$11,331	\$10,351	\$9,967	\$9,715	\$9,686	\$9,518
75.2%	74.6%	75.8%	49.4%	44.0%	47.5%	58.9%	56.9% #	58.2%
21.1%	21.5%	21.4%	40.4%	45.9%	45.3%	35.6%	36.4% #	38.2%
3.7%	3.9%	2.8%	10.1%	10.1%	7.2%	5.5%	6.8% #	3.6%
68.05	59.90	60.51	73.09	68.15	62.62	69.21	59.81	57.32
\$69,030	\$69,030	\$68,303	\$61,842	\$61,842	\$61,244	\$63,502	\$63,502	\$61,389
95.70	95.10	95.50	94.60	94.00	94.30	94.90	94.10	95.10
173.70	174.00	174.70	134.40	134.00	140.60	319.00	319.00	313.70
15.59	16.47	17.90	17.59	18.52	16.80	17.17	17.17	21.50
95.00	95.00	96.20	93.90	93.90	93.80	95.00	95.00	95.30
99.60	99.60	98.70	92.70	92.70	89.90	98.50	98.50	96.80

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		
	2011	2010	2009	2011	2010	2009
Fall Enrollment	4,622	4,825	4,749	1,480	1,512	1,493
<u>Demographic Data:</u>						
Average Income	\$64,018	\$63,866	\$63,866	\$33,877	\$35,783	\$35,783
Revenue/Pupil	\$12,580	\$12,201	\$12,100	\$8,429	\$8,389	\$8,423
Local %	63.5%	63.5%	64.3%	45.0%	44.5%	44.8%
State %	32.3%	33.2%	32.6%	47.9%	50.1%	51.6%
Federal %	4.2%	3.3%	3.1%	7.1%	5.4%	3.6%
<u>Fiscal Data:</u>						
Effective Mills	74.66	65.83	65.82	68.35	61.33	61.22
Average Teacher Salary	\$72,901	\$72,901	\$71,313	\$52,190	\$52,190	\$51,874
<u>Staff Data:</u>						
Average Teacher Experience	95.40	95.00	95.70	95.40	95.80	96.20
Number of Teachers	321.40	321.00	333.60	81.40	81.00	81.40
Student/Teacher Ratio	14.38	15.03	17.90	18.18	18.67	22.90
<u>Output:</u>						
Pupil Attendance Rate	95.00	95.00	95.90	95.00	95.00	95.60
Graduation Rate	99.10	99.10	99.30	92.20	92.20	94.70
Fiscal Year Ended June 30,	Tallmadge City School District			Twinsburg City School District		
	2011	2010	2009	2011	2010	2009
Fall Enrollment	2,581	2,740	2,581	4,237	4,262	4,221
<u>Demographic Data:</u>						
Average Income	\$34,851	\$35,016	\$35,016	\$44,966	\$45,265	\$45,265
Revenue/Pupil	\$10,181	\$9,729	\$9,156	\$9,619	\$10,866	\$10,130
Local %	55.4%	52.0%	52.0%	60.0%	64.5%	64.9%
State %	39.9%	41.9%	44.2%	34.7%	31.2%	31.7%
Federal %	4.7%	6.1%	3.8%	5.3%	4.3%	3.3%
<u>Fiscal Data:</u>						
Effective Mills	68.41	64.79	64.70	64.09	59.45	59.87
Average Teacher Salary	\$62,673	\$62,673	\$62,632	\$65,612	\$65,612	\$64,170
<u>Staff Data:</u>						
Average Teacher Experience	96.80	95.90	96.50	94.00	94.00	94.50
Number of Teachers	162.90	163.00	153.90	239.20	239.00	242.50
Student/Teacher Ratio	15.84	16.81	16.80	17.71	17.83	21.40
<u>Output:</u>						
Pupil Attendance Rate	95.00	95.00	95.10	95.00	95.00	96.30
Graduation Rate	93.80	93.80	94.70	98.60	98.60	96.60

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

(1) Information is not available for fiscal year 2012 due to this year still being under audit for some schools.

Mogadore Local School District		
2011	2010	2009
907	743	929
\$31,984	\$32,159	\$32,159
\$8,989	\$9,295	\$8,935
45.5%	44.4%	50.2%
48.9%	49.2%	45.9%
5.6%	6.3%	3.9%
66.40	56.05	55.88
\$61,414	\$61,414	\$57,361
93.30	93.60	94.40
58.50	59.00	63.50
15.50	12.59	17.80
95.00	95.00	94.90
96.10	96.10	97.20

Woodridge Local School District		
2011	2010	2009
1,985	2,004	1,903
\$32,630	\$34,163	\$34,163
\$11,068	\$11,826	\$11,249
69.7%	69.1%	72.1%
23.6%	23.1%	22.7%
6.7%	7.9%	5.2%
69.81	37.25	37.39
\$59,011	\$59,011	\$58,861
94.30	92.60	95.30
129.40	129.00	127.40
15.34	15.53	17.70
95.00	95.00	95.20
97.00	97.00	95.40

Total/Highest/Lowest All Districts Served									
2011		2010		2009					
52,912		52,912		52,483					
<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>				
\$64,018	\$24,583	\$64,018	\$24,583	\$ 63,866	\$ 25,696				
\$12,580	\$7,784	\$12,580	\$7,784	\$ 12,100	\$ 7,819				
75.2%	25.7%	75.2%	25.7%	75.8%	27.4%				
54.9%	20.9%	54.9%	20.9%	56.1%	20.8%				
19.4%	3.7%	19.4%	3.7%	16.4%	2.8%				
74.66	54.85	74.66	54.85	65.82	37.39				
\$72,901	\$50,463	\$72,901	\$50,463	\$ 71,313	\$ 49,825				
96.80	93.30	96.80	93.30	96.50	94.30				
321.40	58.50	321.40	58.50	333.60	63.50				
18.18	13.44	18.18	13.44	22.90	16.80				
95.00	93.30	95.00	93.30	96.30	93.30				
99.60	91.90	99.60	91.90	99.30	88.60				

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

Governmental Employees by Function/Program (1)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Instruction:				
Regular	14	8	8	8
Special	71	101	101	96
Vocational	1	1	1	1
Support Services:				
Pupils	69	58	58	55
Instructional Staff	61	38	38	36
Administration	29	12	12	12
Fiscal	3	3	3	3
Business	1	1	1	1
Operation and Maintenance of Plant	1	1	1	1
Central	16	16	16	15
Extracurricular	1	1	1	1
Total employees	<u>267</u>	<u>240</u>	<u>240</u>	<u>229</u>

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

NOTE: Previous three years' data is not readily available.

Source: Service Center payroll records

<u>2008</u>	<u>2007</u>	<u>2006</u>
8	6	7
96	104	95
1	1	1
55	56	42
35	38	37
12	10	7
3	3	3
1	1	1
2	1	1
15	16	2
1	1	1
<u>229</u>	<u>237</u>	<u>197</u>

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

	2012	2011	2010	2009
Instruction:				
Regular				
Furniture and Equipment	\$ 3,656	\$ -	\$ -	\$ -
Special				
Building and Improvements	299,078	306,031	312,987	319,944
Furniture and Equipment	-	361	3,235	7,771
Support Services:				
Instructional Staff				
Building and Improvements	75,050	76,795	78,540	80,286
Furniture and Equipment	20,123	26,179	30,390	39,529
Administration				
Building and Improvements	764,595	782,381	800,161	817,943
Furniture and Equipment	2,603	6,665	10,729	14,790
Fiscal				
Furniture and Equipment	7,984	9,969	6,988	8,237
Business				
Vehicles	-	-	2,634	7,901
Operation and Maintenance of Plant				
Land	207,778	207,778	207,778	207,778
Building and Improvements	523,445	535,618	547,790	559,965
Furniture and Equipment	20,154	33,538	43,188	78,955
Central				
Furniture and Equipment	-	-	-	-
	<u>\$ 1,924,466</u>	<u>\$ 1,985,315</u>	<u>\$ 2,044,420</u>	<u>\$ 2,143,099</u>

Source: Service Center records

(1) Amounts are net of accumulated depreciation.

2008	2007	2006	2005	2004	2003
\$ -	\$ 337	\$ 673	\$ 1,009	\$ 1,683	\$ 2,019
105,468	107,712	109,956	-	-	-
12,411	17,464	22,518	27,891	39,598	45,561
82,031	83,776	85,522	-	-	-
26,657	32,687	30,339	25,969	50,040	66,635
269,530	275,265	280,999	-	-	-
18,853	9,938	11,406	17,728	38,274	26,921
9,600	11,038	5,391	6,121	1,061	8,311
7,901	10,535	-	-	-	5,462
207,778	207,778	207,777	-	-	-
128,905	131,648	134,390	-	-	-
113,662	141,187	178,339	162,822	208,469	231,969
-	104	255	405	705	854
<u>\$ 982,796</u>	<u>\$ 1,029,469</u>	<u>\$ 1,067,565</u>	<u>\$ 241,945</u>	<u>\$ 339,830</u>	<u>\$ 387,732</u>

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Dave Yost • Auditor of State

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 5, 2013**