



Dave Yost • Auditor of State

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
SUMMIT COUNTY**

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Dave Yost • Auditor of State

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

Summit County Educational Service Center
Summit County
420 Washington Avenue
Cuyahoga Falls, Ohio 44221

To the Board of Governors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Summit County Educational Service Center, Summit County, (the Service Center) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Service Center's basic financial statements and have issued our report thereon dated December 30, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

December 30, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE 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 44221

To the Board of Governors:

Report on Compliance for the Major Federal Program

We have audited the Summit County Educational Service Center's (the Service Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Summit County Educational Service Center's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Service Center's major federal program.

Management's Responsibility

The Service Center's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Service Center's compliance for the Service Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Service Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Service Center's major program. However, our audit does not provide a legal determination of the Service Center's compliance.

Opinion on the Major Federal Program

In our opinion, the Summit County Educational Service Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The Service Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Service Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Federal Awards Expenditures Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Summit County Educational Service Center, Summit County, (Service Center) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Service Center's financial statements. We issued our unmodified report thereon dated December 30, 2014. We conducted our audit to opine on the Service Center's financial statements. The accompanying schedule of federal awards receipts and expenditures presents additional analysis 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 management used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

December 30, 2014

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**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
SUMMIT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
Program / Cluster Title				
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Special Education Cluster:				
Special Education Grants to States	009255-3M20-2013	84.027	\$ 251,301	\$ 170,312
Special Education Grants to States	009255-3M20-2014	84.027	1,265,635	1,355,311
Total Special Education Cluster - Grants to States			<u>1,516,936</u>	<u>1,525,623</u>
Special Education Preschool Grants	009255-3C50-2013	84.173	5,232	6,531
Special Education Preschool Grants	049965-3C50-2013	84.173	20,098	14,598
Special Education Preschool Grants	009255-3C50-2014	84.173	20,155	19,575
Special Education Preschool Grants	049965-3C50-2014	84.173	102,252	110,801
Special Education Preschool Grants	009255-3C50-2013	84.173	21,176	19,915
Total Special Education Cluster			<u>168,913</u>	<u>171,420</u>
Total Special Education Cluster			<u>1,685,849</u>	<u>1,697,043</u>
Special Education - State Personnel Development	09255-3700-2013	84.323	25,958	31,209
Special Education - State Personnel Development	09255-3700-2014	84.323	4,253	23,907
Total Special Education - State Personnel Development			<u>30,211</u>	<u>55,116</u>
ARRA-Race to the Top	049965-3FD0-2013	84.395	102,570	86,810
ARRA-Race to the Top	049965-3FD0-2014	84.395	140,943	118,993
ARRA-Race to the Top	049965-3FD0-2014	84.395	1,050	0
Total ARRA - Race to the Top			<u>244,563</u>	<u>205,803</u>
<i>Passed Through Ohio Department of Health</i>				
Temporary Assistance for Needy Families - Start Talking Grant	09255-03A60-2014	93.558	17,665	12,390
Direct Federal Programs				
Fund for the Improvement of Education - Teaching American History	n/a	84.215X	<u>2,619</u>	<u>4,016</u>
Total U.S. Department of Education			<u>1,980,907</u>	<u>1,974,368</u>
Total Federal Financial Assistance			<u>\$1,980,907</u>	<u>\$1,974,368</u>

The accompanying notes are an integral part of this schedule.

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The Service Center passes certain federal awards received from U.S. Department of Education to other governments or not-for-profit agencies (subrecipients). As Note A describes, the Service Center reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Service Center has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	<u>Special Education Cluster:</u> Special Education Grants to States – CFDA #84.027 Special Education Preschool Grants – CFDA #84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Summit County Educational Service Center

Cuyahoga Falls, Ohio

Comprehensive Annual Financial Report

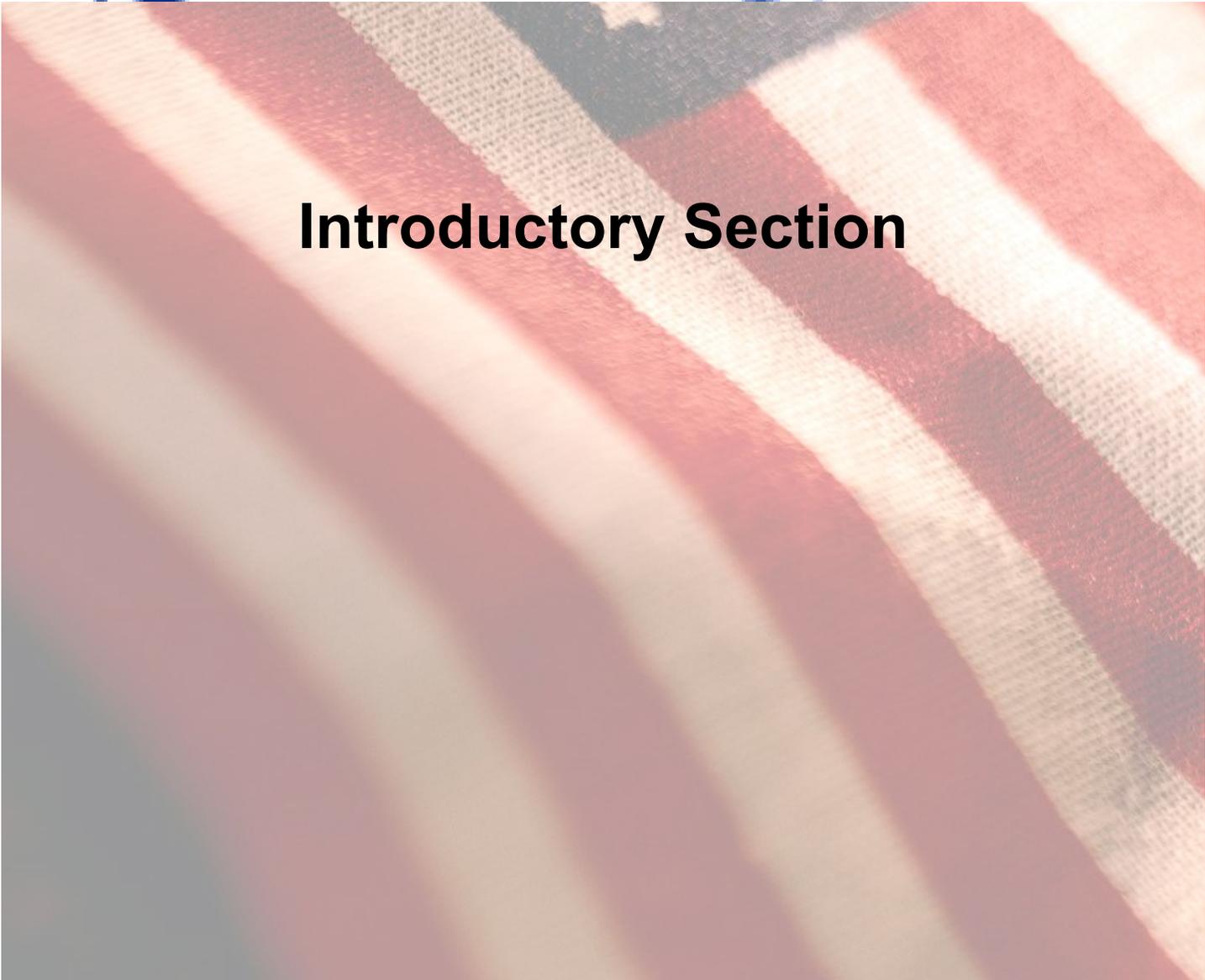
Fiscal Year Ended June 30, 2014

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, 2014
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December 30, 2014

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, 2014 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 2013-2014 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 Auditor’s Report.

BACKGROUND AND GENERAL INFORMATION

History

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

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

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

Districts Served

The Summit County Educational Service Center serves a student population of approximately 49,574 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 912 to 5,080 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, 2018.

SERVICES

Curriculum and Instruction

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 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. 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. Due to declining enrollment, however, this was the last year for the program. Declining enrollment is likely due to the increase in online schools and courses.

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 2014 the work-study program assisted 115 students in 8 school districts, had 157 employer contacts to place 37 students, arranged 22 volunteer/unpaid work experiences, hosted 5 transitional resource group meetings and opened 52 new student files. School Psychologists served 1,200 students and had 434 parent meetings. Workshops and trainings provided by this department include: 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 2014 included 28 classrooms across Summit County that served 505 students. Half of those students received cognitive, behavioral and speech assessments. The preschool program employs 28 classroom teachers, 30 classroom assistants, 18 speech/language pathologists, 3 psychologists and 2 school nurses.

Also, the Service Center 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 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 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.

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 healthcare industry. Summa Health Systems is now the largest employer in Summit County with 11,000 employees. FirstMerit Corp. is in second place with 4,894 employees, finally followed by Akron General Health System with 3,843 employees. Akron Children's Hospital is in fourth place with 3,220 employees. Goodyear Tire and Rubber takes fifth place with 3,000 employees. The County of Summit is sixth with a total number of 2,969 employees. Akron Public Schools is the seventh largest employer with 2,827 employees, the University of Akron is eighth place with 2,622. Rounding out the top ten employers are FirstEnergy Corp. and Sterling Jewelers with 2,500 and 2,300 employees respectively.

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 2013 was at 7.1%. This percentage is up from 2012 rate that was 6.8%. As a comparison, the 2012 state rate was 7.2% and the 2013 rate for the state was 7.4%. 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 by trade to medical, information and service employers.

FINANCIAL INFORMATION

Accounting

This is the thirteenth 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 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 reporting model, management is also responsible for preparing a discussion and analysis of the Service Center. This discussion follows the Independent Auditor’s Report, providing an assessment of the Service Center’s finances for fiscal year 2014 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 2014, a single audit was required.

Budgetary Controls

Although not legally required, the Service Center adopts its budget for all funds. The budget is not required to be filed with the county budget commission. The budget includes the estimated resources and expenditures for each fund.

In fiscal year 2014, The Service Center's requirement to file budgetary information with the Ohio Department of Education was eliminated. Even though the budgetary process for the Service Center is discretionary, the Service Center continued to have its Governing Board approve appropriations and estimated resources. The Service Center's Governing Board adopts an annual appropriation resolution, which is the Governing Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Governing Board.

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, 2014. The auditor's unmodified 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 (CAFR) to the Service Center for its fiscal year ended June 30, 2013 CAFR. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

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

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

Acknowledgments

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

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Sondra Clevenger".

Sondra Clevenger
Chief Fiscal Officer

Summit County Educational Service Center
Public Officials Roster
Year Ended June 30, 2014

Board of Governors

Mr. Joseph Masich	President
Mrs. Patricia Weber	Vice President
Mr. Timothy Gallagher	Member
Mrs. Ashley Carr	Member
Mrs. Norma Shaub	Member

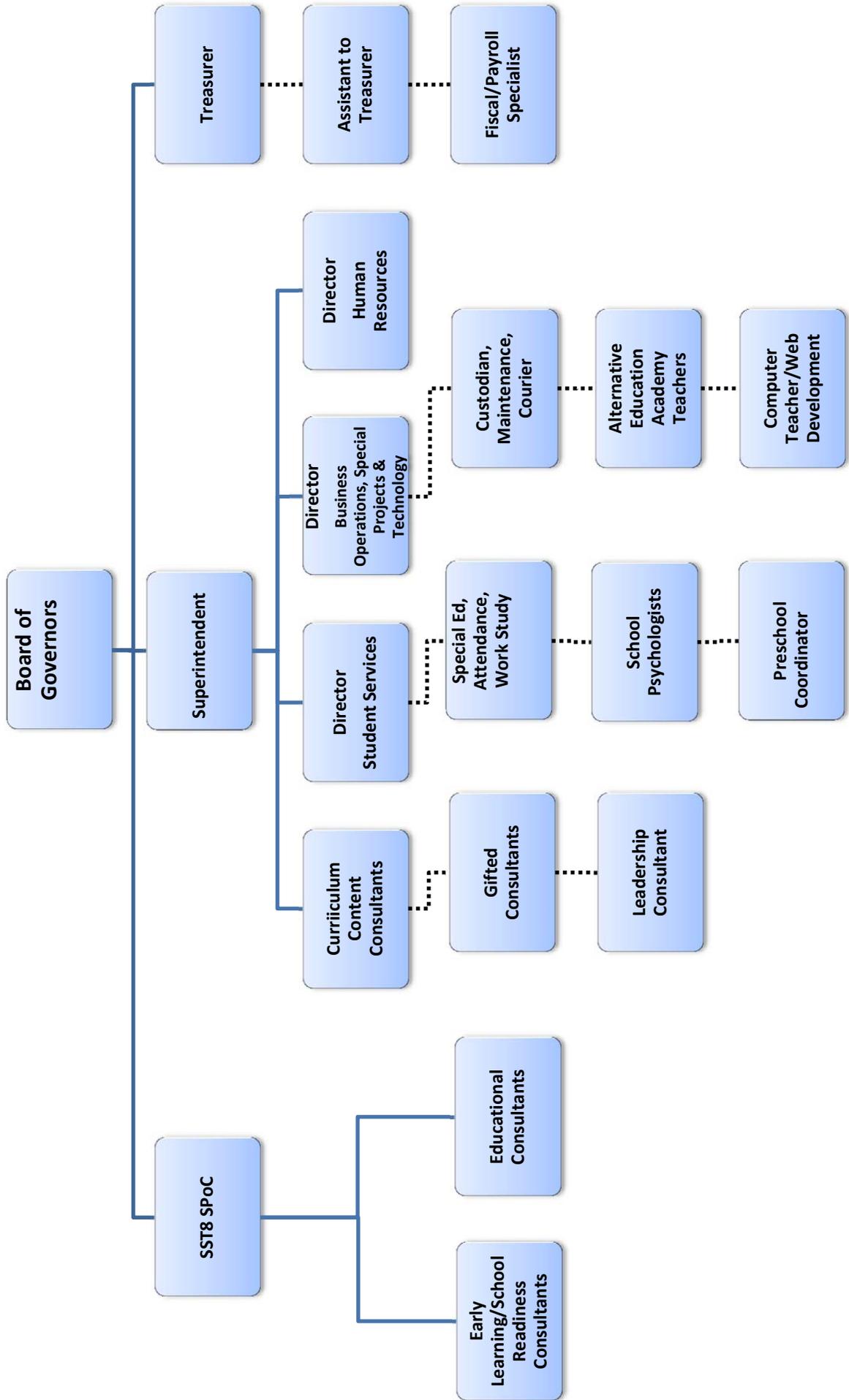
Chief Fiscal Officer

Mrs. Sondra Clevenger

Administration

Mrs. Linda Fuline	Superintendent
Mr. Joseph Petrarca	Director of Pupil Personnel Services

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
Organizational Chart
2014





Government Finance Officers Association

**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

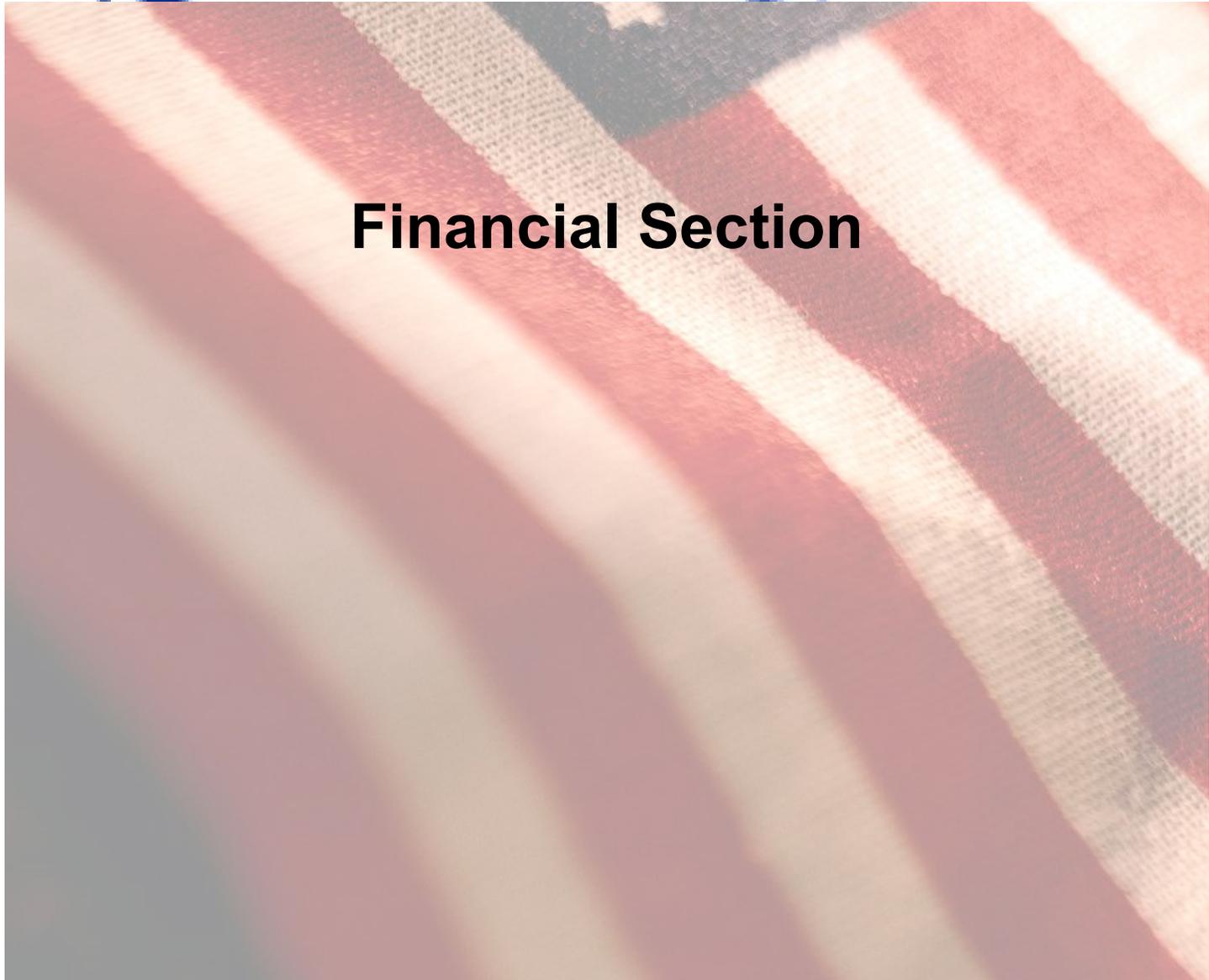
June 30, 2013

Executive Director/CEO



Summit County

Educational Service Center



Financial Section



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Summit County Educational Service Center
Summit County
420 Washington Avenue
Cuyahoga Falls, Ohio 44221

To the Board of Governors:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Summit County Educational Service Center, Summit County, Ohio, as of June 30, 2014 and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on 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 present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Service Center's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 30, 2014

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Summit County Educational Service Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

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, 2014. 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 2014 are as follows:

- Net position increased \$428,109, which represents a 5.86% increase from 2013.
- During the year, outstanding capital leases decreased from \$896,103 to \$821,119 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 Position 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 Position 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 2014?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows 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
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

These two statements report the Service Center's net position and changes in net position. This change in net position 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 Position* and the *Statement of Activities*, Governmental Activities include the Service Center's programs and services, including instruction, support services, 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 14. Fund financial reports provide detailed information about the Service Center's major funds. The Service Center uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the Service Center's most significant funds. The Service Center's major governmental funds are the general fund 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 Position 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 Position and Changes in Fiduciary Net Position on pages 18 and 19. 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
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The Service Center as a Whole

Recall that the Statement of Net Position provides the perspective of the Service Center as a whole. Table 1 provides a summary of the Service Center's net position for 2014 compared to 2013:

Table 1
Net Position

	Governmental Activities	
	2014	2013 (Restated)
Assets		
Current and Other Assets	\$ 8,762,248	\$ 8,422,945
Capital Assets	1,846,990	1,896,401
<i>Total Assets</i>	10,609,238	10,319,346
Liabilities		
Other Liabilities	1,946,564	1,932,072
Long-Term Liabilities	933,671	1,086,380
<i>Total Liabilities</i>	2,880,235	3,018,452
Net Position		
Net Investment in Capital Assets	1,025,871	1,000,298
Restricted	398,572	106,979
Unrestricted	6,304,560	6,193,617
<i>Total Net Position</i>	\$ 7,729,003	\$ 7,300,894

Total assets increased \$289,892 or 2.81% as compared to fiscal year 2013. The primary reason was an increase in cash resulting from fewer special instruction services offered that caused a significant decrease in expenses only partially offset by the decrease in revenues from those reduced services as well as from outstanding billings near year end.

Total liabilities decreased \$138,217 or 4.58% as compared to fiscal year 2013. This decrease can be attributed to a decrease in expenses for services provided to member districts near year end, as well as the principal payment on the capital lease.

Overall net position of the Service Center has increased \$428,109 or 5.86% as compared to fiscal year 2013.

Summit County Educational Service Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Table 2 shows the changes in net position for fiscal year 2014 and 2013.

Table 2
Changes in Net Position

	Governmental Activities	
	2014	2013*
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 12,127,919	\$ 12,927,855
Operating Grants	2,509,179	2,338,386
<i>Total Program Revenues</i>	<u>14,637,098</u>	<u>15,266,241</u>
<i>General Revenues:</i>		
Grants and Entitlements Not Restricted	1,588,760	2,458,618
Other	3,836	6,269
<i>Total General Revenues</i>	<u>1,592,596</u>	<u>2,464,887</u>
<i>Total Revenues</i>	<u>16,229,694</u>	<u>17,731,128</u>
Program Expenses		
Instruction:		
Regular	996,270	546,062
Special	5,026,161	6,756,094
Vocational	89,261	68,790
Support Services:		
Pupils	3,480,941	3,754,776
Instructional Staff	4,130,917	4,449,228
Board of Governors	49,984	56,629
Administration	1,008,675	1,013,927
Fiscal	307,756	315,483
Business	33,365	32,837
Operation and Maintenance of Plant	526,689	561,598
Central	67,707	123,273
Operation of Non-Instructional Services:		
Extracurricular Activities	48,911	56,208
Debt Service:		
Interest and Fiscal Charges	34,948	37,763
<i>Total Expenses</i>	<u>15,801,585</u>	<u>17,772,668</u>
<i>Increase (Decrease) in Net Position</i>	428,109	(41,540)
<i>Net Position at Beginning of Year (Restated)</i>	7,300,894	7,342,138
<i>Restatement (See Note 17)</i>	0	296
<i>Net Position at End of Year</i>	<u>\$ 7,729,003</u>	<u>\$ 7,300,894</u>

*Excludes the activities of funds reported in the general fund with the reclassification of a fund to private purpose trust. Amount was not significant and would not impact the analysis.

Summit County Educational Service Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The decrease in revenues is primarily due to an overall decrease in state foundation monies and services provided to member districts. The decrease in expenses is due to a decrease for special instruction costs from purchased services by member districts.

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 restricted grants and entitlements.

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2014	2013*	2014	2013*
Instruction:				
Regular	\$ 996,270	\$ 546,062	\$ 525,052	\$ 494,905
Special	5,026,161	6,756,094	(720,377)	135,999
Vocational	89,261	68,790	13,739	44,373
Support Services:				
Pupils	3,480,941	3,754,776	23,950	278,413
Instructional Staff	4,130,917	4,449,228	733,209	1,066,848
Board of Governors	49,984	56,629	49,984	56,629
Administration	1,008,675	1,013,927	518,582	358,524
Fiscal	307,756	315,483	(76,809)	(52,840)
Business	33,365	32,837	19,954	17,908
Operation and Maintenance of Plant	526,689	561,598	12,546	59,781
Central	67,707	123,273	11,970	(1,379)
Extracurricular Activities	48,911	56,208	17,739	9,503
Debt Service:				
Interest and Fiscal Charges	34,948	37,763	34,948	37,763
<i>Total Expenses</i>	<u>\$ 15,801,585</u>	<u>\$ 17,772,668</u>	<u>\$ 1,164,487</u>	<u>\$ 2,506,427</u>

**Excludes the activities of funds reported in the general fund with the reclassification of a fund to private purpose trust. Amount was not significant and would not impact the analysis.*

For all governmental activities, program receipts support is 92.63%. The primary support of the Service Center is contracted fees and services provided to member districts; however, 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
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Governmental Funds

Information about the Service Center's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$15,546,263 and expenditures of \$16,175,486 for fiscal year. The net change in fund balances for the fiscal year was a decrease of \$629,223 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 2014 was a decrease of \$586,777. The decrease can be attributed to expenditures being recognized when incurred as opposed to GAAP revenue recognition for receivables under the modified basis of accounting.

The educational regional service system fund's net change in fund balance for fiscal year 2014 was an increase of \$10,386.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the Service Center had \$1,846,990 invested in capital assets. Table 4 shows fiscal year 2014 balances compared with 2013.

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

	Governmental Activities	
	2014	2013
Land	\$ 207,778	\$ 207,778
Furniture and Equipment	54,351	65,107
Buildings and Improvements	1,584,861	1,623,516
<i>Totals</i>	\$ 1,846,990	\$ 1,896,401

The \$49,411 decrease in capital assets was attributable to depreciation and disposals 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 \$821,119. 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
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

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 fourth grade. Fiscal year 2010 was its first year of operation, fiscal year 2014 was the fifth. We also continue an Autism Family School. This School, 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 five of operation. Demand for Kids First by school districts, seeking to serve autistic students, has continued to grow. While the goal of the school is to return students to their home school, it became necessary to open a school that created continued support for students who were not ready to return to their home school. This new school is located in the City of Tallmadge. It serves middle and high school aged students with autism.

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.

Summit County Educational Service Center
Summit County, Ohio
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 5,372,712
Receivables:	
Accounts	4,069
Intergovernmental	3,385,467
Nondepreciable Capital Assets	207,778
Depreciable Capital Assets (Net)	1,639,212
<i>Total Assets</i>	10,609,238
Liabilities	
Accounts Payable	37,432
Accrued Wages and Benefits	1,427,596
Intergovernmental Payable	320,530
Accrued Vacation Leave Payable	142,083
Matured Compensated Absences Payable	18,923
Long Term Liabilities:	
Due Within One Year	106,001
Due In More Than One Year	827,670
<i>Total Liabilities</i>	2,880,235
Net Position	
Net Investment in Capital Assets	1,025,871
Restricted For:	
Educational Regional Service System	367,192
Other Purposes	31,380
Unrestricted	6,304,560
<i>Total Net Position</i>	\$ 7,729,003

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Summit County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 996,270	\$ 471,218	\$ 0	\$ (525,052)
Special	5,026,161	5,544,529	202,009	720,377
Vocational	89,261	75,522	0	(13,739)
Support Services:				
Pupils	3,480,941	3,359,445	97,546	(23,950)
Instructional Staff	4,130,917	1,566,055	1,831,653	(733,209)
Board of Governors	49,984	0	0	(49,984)
Administration	1,008,675	425,693	64,400	(518,582)
Fiscal	307,756	265,909	118,656	76,809
Business	33,365	13,411	0	(19,954)
Operation and Maintenance of Plant	526,689	325,544	188,599	(12,546)
Central	67,707	49,421	6,316	(11,970)
Extracurricular Activities	48,911	31,172	0	(17,739)
Debt Service:				
Interest and Fiscal Charges	34,948	0	0	(34,948)
Total	<u>\$ 15,801,585</u>	<u>\$ 12,127,919</u>	<u>\$ 2,509,179</u>	<u>(1,164,487)</u>

General Revenues

Grants and Entitlements Not Restricted to Specific Programs	1,588,760
Investment Earnings	3,736
Miscellaneous	100
Total General Revenues	<u>1,592,596</u>
 <i>Change in Net Position</i>	 428,109
 <i>Net Position Beginning of Year (Restated - See Note 17)</i>	 <u>7,300,894</u>
<i>Net Position End of Year</i>	<u><u>\$ 7,729,003</u></u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2014

	General	Educational Regional Service System	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 5,302,686	\$ 0	\$ 70,026	\$ 5,372,712
Receivables:				
Accounts	4,069	0	0	4,069
Interfund	116,953	0	0	116,953
Intergovernmental	2,771,256	567,694	46,517	3,385,467
<i>Total Assets</i>	<u>\$ 8,194,964</u>	<u>\$ 567,694</u>	<u>\$ 116,543</u>	<u>\$ 8,879,201</u>
Liabilities				
Accounts Payable	\$ 16,946	\$ 2,195	\$ 18,291	\$ 37,432
Accrued Wages and Benefits	1,281,066	101,012	45,518	1,427,596
Intergovernmental Payable	292,545	19,506	8,479	320,530
Matured Compensated Absences Payable	18,923	0	0	18,923
Interfund Payable	0	63,895	53,058	116,953
<i>Total Liabilities</i>	<u>1,609,480</u>	<u>186,608</u>	<u>125,346</u>	<u>1,921,434</u>
Deferred Inflows of Resources				
Unavailable Revenue	<u>2,412,846</u>	<u>315,085</u>	<u>2,235</u>	<u>2,730,166</u>
Fund Balances				
Restricted	0	66,001	31,380	97,381
Assigned	63,090	0	0	63,090
Unassigned	4,109,548	0	(42,418)	4,067,130
<i>Total Fund Balances</i>	<u>4,172,638</u>	<u>66,001</u>	<u>(11,038)</u>	<u>4,227,601</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 8,194,964</u>	<u>\$ 567,694</u>	<u>\$ 116,543</u>	<u>\$ 8,879,201</u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014

Total Governmental Fund Balances		\$ 4,227,601
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,846,990
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 317,320	
Intergovernmental Revenue	2,277,347	
Charges for Services	135,499	2,730,166
Long-term liabilities, including capital lease obligations payable, are not due and payable in the current period and therefore are not reported in the funds.		
Capital Lease Obligation	(821,119)	
Vacations Payable	(142,083)	
Compensated Absences	(112,552)	(1,075,754)
<i>Net Position of Governmental Activities</i>		\$ 7,729,003

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Educational Regional Service System	Other Governmental Funds	Total Governmental Funds
Revenues				
Intergovernmental	\$ 1,589,361	\$ 1,688,178	\$ 532,913	\$ 3,810,452
Investment Income	3,736	0	0	3,736
Tuition and Fees	3,823,612	0	0	3,823,612
Charges for Services	7,899,088	0	855	7,899,943
Contributions and Donations	0	0	2,600	2,600
Miscellaneous	100	5,820	0	5,920
<i>Total Revenues</i>	<u>13,315,897</u>	<u>1,693,998</u>	<u>536,368</u>	<u>15,546,263</u>
Expenditures				
Current:				
Instruction:				
Regular	998,698	0	0	998,698
Special	4,816,028	6,531	203,256	5,025,815
Vocational	89,148	0	0	89,148
Support Services:				
Pupils	3,417,901	7,835	100,290	3,526,026
Instructional Staff	2,577,250	1,417,343	201,691	4,196,284
Board of Governors	49,984	0	0	49,984
Administration	932,107	663	64,482	997,252
Fiscal	314,943	90,933	12,200	418,076
Business	33,335	0	0	33,335
Operation and Maintenance of Plant	453,202	154,920	7,281	615,403
Central	61,235	5,387	0	66,622
Extracurricular Activities	48,911	0	0	48,911
Debt Service:				
Principal Retirement	74,984	0	0	74,984
Interest and Fiscal Charges	34,948	0	0	34,948
<i>Total Expenditures</i>	<u>13,902,674</u>	<u>1,683,612</u>	<u>589,200</u>	<u>16,175,486</u>
<i>Net Change in Fund Balance</i>	(586,777)	10,386	(52,832)	(629,223)
<i>Fund Balances Beginning of Year (Restated-See Note 17)</i>	<u>4,759,415</u>	<u>55,615</u>	<u>41,794</u>	<u>4,856,824</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 4,172,638</u>	<u>\$ 66,001</u>	<u>\$ (11,038)</u>	<u>\$ 4,227,601</u>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center
Summit County, Ohio**

*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, 2014*

Net Change in Fund Balances - Total Governmental Funds	\$	(629,223)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 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	\$ 5,205	
Current Year Depreciation	<u>(54,616)</u>	(49,411)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	283,967	
Intergovernmental Revenue	871,501	
Charges for Services	<u>(206,588)</u>	948,880
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		74,984
 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	77,725	
Vacations Payable	<u>5,154</u>	<u>82,879</u>
 <i>Change in Net Position of Governmental Activities</i>	 \$	 <u><u>428,109</u></u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center

Summit County, Ohio

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2014

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets		
Equity in Pooled Cash and Investments	\$ 107,163	\$ 163,010
Intergovernmental Receivable	0	1,010
<i>Total Assets</i>	<u>107,163</u>	<u>\$ 164,020</u>
Liabilities		
Accounts Payable	\$ 0	\$ 7,420
Intergovernmental Payable	0	1,339
Undistributed Monies	0	155,261
<i>Total Liabilities</i>	<u>0</u>	<u>\$ 164,020</u>
Net Position		
Held in Trust for Scholarships	<u>\$ 107,163</u>	

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Summit County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2014

	<u>Private Purpose Trust</u>
Additions	
Miscellaneous	\$ 1,000
Deductions	
Payments in Accordance with Trust Agreements	<u>3,504</u>
<i>Change in Net Position</i>	(2,504)
<i>Net Position Beginning of Year (Restated-See Note 17)</i>	<u>109,667</u>
<i>Net Position End of Year</i>	<u><u>\$ 107,163</u></u>

See accompanying notes to the basic financial statements.

Summit County Educational Service Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 is associated with the Metropolitan Regional Service Council (MRSC) also known as Northeast Ohio Network for Educational Technology (NEOnet), which is defined as a jointly governed organization. Representatives from each of the governments that create the organization govern jointly, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding this organization 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 most significant of the Service Center's accounting policies are described below.

Summit County Educational Service Center

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

A. Basis of Presentation

The Service Center's basic financial statements consist of government-wide statements, including a statement of net position, 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 position 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 position 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

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 deferred outflows and liabilities and deferred inflows 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 grant revenues used to support state and regional education initiatives and efforts to improve school effectiveness and student achievement. The state system consists of sixteen regions. The Service Center is the fiscal agent for the State Support Team Region 8 which includes Portage, Medina and Summit Counties.

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 position and changes in net position. 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, deferred outflows, liabilities and deferred inflows associated with the operation of the Service Center are included on the statement of net position.

Summit County Educational Service Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, deferred outflows, current liabilities, and deferred inflows 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.

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 outflows/inflows of resources 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.

Summit County Educational Service Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred inflow of resources is an acquisition of assets by the Service Center that is applicable to a future reporting period. A deferred outflow of resources is a consumption of assets by the Service Center that is applicable to a future reporting period.

On the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as a deferred inflow of resources.

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 investments."

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 position but are not reported on the fund financial statements.

Summit County Educational Service Center

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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>

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.

Summit County Educational Service Center

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

I. Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets 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 position is 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 position restricted for other purposes primarily includes 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 position is 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:

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.

Summit County Educational Service Center

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 position. 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 position.

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

N. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2014, the Service Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

Summit County Educational Service Center

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the Service Center's fiscal year 2014 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Service Center.

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the Service Center.

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;

Summit County Educational Service Center

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus);
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 \$(152,115). Based on criteria described in GASB 40, "Deposits and Investments Risk Disclosure", as of June 30, 2014, 100% of the bank balance of \$6,804 was covered by FDIC.

Summit County Educational Service Center

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

B. Investments

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

Custodial Credit Risk - For an investment, custodial risk is that risk that, in the event of the failure of the counterparty, the Service Center will no longer be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Service Center'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 2014 was in an overnight repurchase account, with a year ending balance of \$5,795,000. The Service Center's investments in the federal agency securities that underlie the Service Center'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 2014 amounted to \$3,736, which includes \$41 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	\$ 2,277,347
Service provided to others	493,909
Grants	<u>614,211</u>
Total Intergovernmental Receivable	<u>\$ 3,385,467</u>

Summit County Educational Service Center

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
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	822,892	5,205	0	828,097
Building and improvements	1,854,192	0	0	1,854,192
Vehicles	31,376	0	(18,207)	13,169
<i>Total Capital Assets, Being Depreciated</i>	<u>2,708,460</u>	<u>5,205</u>	<u>(18,207)</u>	<u>2,695,458</u>
<i>Accumulated Depreciation</i>				
Furniture and equipment	(757,785)	(15,961)	0	(773,746)
Building and improvements	(230,676)	(38,655)	0	(269,331)
Vehicles	(31,376)	0	18,207	(13,169)
<i>Total Accumulated Depreciated</i>	<u>(1,019,837)</u>	<u>(54,616)</u>	<u>18,207</u>	<u>(1,056,246)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>1,688,623</u>	<u>(49,411)</u>	<u>0</u>	<u>1,639,212</u>
<i>Governmental Activities, Capital Assets, Net</i>	<u>\$ 1,896,401</u>	<u>\$ (49,411)</u>	<u>\$ 0</u>	<u>\$ 1,846,990</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 798
Special	11,981
Support Services:	
Instructional Staff	5,777
Administration	18,392
Fiscal	1,848
Operation and Maintenance of Plant	<u>15,820</u>
Total Depreciation	<u>\$ 54,616</u>

Summit County Educational Service Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 6 - INTERFUND TRANSACTIONS

Interfund balances consisted of the following at June 30, 2014, as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
General fund	\$ 116,953	\$ 0
Educational Regional Service System	0	63,895
Other governmental funds	0	53,058
	\$ 116,953	\$ 116,953

As of June 30, 2014, the educational regional service system and other non-major governmental funds reported unencumbered negative cash balances. The amount reported in other governmental funds was made up of \$14,289 in the public school preschool grant fund, \$8,548 in the EHA preschool grant fund and \$30,221 in the miscellaneous federal grants fund. As a result, interfund loans were made by the general fund to eliminate the negative balances. All interfund loans will be repaid in fiscal year 2015 with monies to be received from reimbursable expenditures incurred during fiscal year 2014.

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

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 2014, 13.05% 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, 2014, 2013 and 2012 were \$410,226, \$455,433 and \$380,846, respectively; 92% has been contributed for fiscal year 2014 and 100% for the fiscal years 2013 and 2012.

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 a percentage that varies based on years of service, or an allowance based on a member’s lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

Summit County Educational Service Center

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 2014, plan members were required to contribute 11% 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 11% 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, 2014, 2013 and 2012 were \$1,044,568, \$1,142,723 and \$1,051,143, respectively; 90% has been contributed for fiscal year 2014 and 100% for the fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$60,260 made by the Service Center and \$47,347 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 2014 was \$104.90 for most participants, but could be as high as \$335.70 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

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 fiscal year 2014, 0.14% of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% 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 2014, the actuarially determined amount was \$20,250.

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, 2014, 2013, and 2012 were \$48,225, \$42,347, and \$16,559, respectively; 92% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

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 2014, the actuarially required allocation was 0.76% of covered payroll. The Service Center's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$23,799, \$25,727, and \$22,580, respectively; 92% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

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 fiscal year 2014, 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, 2014, 2013, and 2012 were \$80,351, \$87,902, and \$80,857, respectively; 90% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

Summit County Educational Service Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 10 - LONG TERM OBLIGATIONS

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

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014	Amount Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 190,277	\$ 14,588	\$ (92,313)	\$ 112,552	\$ 28,093
Capital Lease	896,103	0	(74,984)	821,119	77,908
Total long term obligations	<u>\$ 1,086,380</u>	<u>\$ 14,588</u>	<u>\$ (167,297)</u>	<u>\$ 933,671</u>	<u>\$ 106,001</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 \$74,984. 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, 2014:

Year	Amount
2015	\$ 109,932
2016	109,932
2017	109,932
2018	109,932
2019	109,932
2020-2023	439,729
Total lease payments	989,389
Less amount representing interest	(168,270)
Present value of minimum lease payments	<u>\$ 821,119</u>

Summit County Educational Service Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Regional Service Council (MRSC)

MRSC is also known as Northeast Ohio Network for Educational Technology (NEOnet), which is the name used exclusively prior to their reorganization from a consortium to a council of governments. MRSC is the computer service organization or Data Acquisition Site (DAS) used by the Service Center. MRSC is an association of public districts in a geographic area determined by the Ohio Department of Education. The purpose of MRSC is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All districts in MRSC are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating Service Centers governs MRSC. An elected Executive Board consisting of nine members of the governing board is the managerial body of the MRSC and meets on a monthly basis.

The Service Center does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to MRSC are made from the general fund. During the current fiscal year the Service Center made \$31,704 in contributions to MRSC.

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, 2014, 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.

NOTE 14 - FUND DEFICITS

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

	<u>Fund Balance</u>
Public School Preschool	\$ 9,554
EHA Preschool Grant	2,643
Miscellaneous Federal Grants	30,221

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.

Summit County Educational Service Center

Summit County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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	\$ 66,001	\$ 31,380	\$ 97,381
Assigned for:				
Encumbrances:				
Instructional	18,387	0	0	18,387
Support Services	38,625	0	0	38,625
Other Purposes:				
Public School Support	6,078	0	0	6,078
Total Assigned	63,090	0	0	63,090
Unassigned	4,109,548	0	(42,418)	4,067,130
Total Fund Balance (Deficit)	<u>\$ 4,172,638</u>	<u>\$ 66,001</u>	<u>\$ (11,038)</u>	<u>\$ 4,227,601</u>

NOTE 16 – ENCUMBRANCE COMMITMENTS

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

<u>Fund</u>	<u>Amount</u>
General	\$ 57,012
Educational Regional Service System	20,674
Other Governmental Funds	57,461
	<u>\$ 135,147</u>

Summit County Educational Service Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 17 – RESTATEMENT OF FUND BALANCES/NET POSITION

A. Modified Accrual Fund Balances

Fund balances have been restated at July 1, 2013, to account for reclassification of a fund that should have been a private purpose trust fund. The adjustments had the following effect on governmental modified fund balances as previously reported:

	General Fund	Educational Regional Service Center	Other Governmental Funds
Beginning fund balances, July 1, 2013	\$ 4,759,415	\$ 55,615	\$ 41,498
Adjustments:			
Fund reclassifications (Private Purpose Trust)	<u>0</u>	<u>0</u>	<u>296</u>
Beginning fund balances, July 1, 2013	<u>\$ 4,759,415</u>	<u>\$ 55,615</u>	<u>\$ 41,794</u>

B. Net Position

Net position has been restated at July 1, 2013, to account for the reclassification of governmental activities to activities reported in fiduciary funds. The adjustments had the following effect on governmental activities net position as previously reported:

	Governmental Activities	Private Purpose Trust
Governmental activities net position, July 1, 2013	\$ 7,300,598	\$ 109,963
Adjustments:		
Fund reclassifications	<u>296</u>	<u>(296)</u>
Beginning net asset position, July 1, 2013	<u>\$ 7,300,894</u>	<u>\$ 109,667</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:

Miscellaneous Local Grants

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

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.

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.

Teach Ohio Grant

To provide for either a new program or expansion of an existing program to support initiatives in the following areas: Standards and Assessments; Using Data to improve Instruction; Great Teachers and Leaders; and Turning Around the Lowest Achieving Schools.

EHA Preschool Grant

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

Miscellaneous Federal Grants

To account for Federal monies received to encourage and help fund smaller classroom size and additional staffing needs.

Summit County Educational Service Center
Summit County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	Miscellaneous Local Grants	Public School Preschool	Dual Credit Grant
Assets			
Equity in Pooled Cash and Investments	\$ 8,093	\$ 0	\$ 21,995
Receivables:			
Intergovernmental	0	29,397	0
<i>Total Assets</i>	<u>\$ 8,093</u>	<u>\$ 29,397</u>	<u>\$ 21,995</u>
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	20,772	0
Intergovernmental Payable	0	3,890	0
Interfund Payable	0	14,289	0
<i>Total Liabilities</i>	<u>0</u>	<u>38,951</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	0
Fund Balances			
Restricted	8,093	0	21,995
Unassigned	0	(9,554)	0
<i>Total Fund Balances</i>	<u>8,093</u>	<u>(9,554)</u>	<u>21,995</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 8,093</u>	<u>\$ 29,397</u>	<u>\$ 21,995</u>

Teach Ohio Grant	EHA Preschool Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 39,938	\$ 0	\$ 0	\$ 70,026
0	17,120	0	46,517
<u>\$ 39,938</u>	<u>\$ 17,120</u>	<u>\$ 0</u>	<u>\$ 116,543</u>
\$ 18,291	\$ 0	\$ 0	\$ 18,291
17,322	7,424	0	45,518
3,033	1,556	0	8,479
0	8,548	30,221	53,058
<u>38,646</u>	<u>17,528</u>	<u>30,221</u>	<u>125,346</u>
0	2,235	0	2,235
1,292	0	0	31,380
0	(2,643)	(30,221)	(42,418)
<u>1,292</u>	<u>(2,643)</u>	<u>(30,221)</u>	<u>(11,038)</u>
<u>\$ 39,938</u>	<u>\$ 17,120</u>	<u>\$ 0</u>	<u>\$ 116,543</u>

Summit County Educational Service Center
Summit County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

	Miscellaneous Local Grants	Public School Preschool	Dual Credit Grant
Revenues			
Intergovernmental	\$ 0	\$ 166,669	\$ 0
Charges for Services	855	0	0
Contributions and Donations	2,600	0	0
<i>Total Revenues</i>	<u>3,455</u>	<u>166,669</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Special	2,254	109,283	0
Support Services:			
Pupils	0	57,900	0
Instructional Staff	3,806	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	7,281	0
<i>Total Expenditures</i>	<u>6,060</u>	<u>174,464</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,605)	(7,795)	0
<i>Fund Balances (Deficit) Beginning of Year,</i> <i>Restated - See Note 17</i>	<u>10,698</u>	<u>(1,759)</u>	<u>21,995</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 8,093</u>	<u>\$ (9,554)</u>	<u>\$ 21,995</u>

Teach Ohio Grant	EHA Preschool Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 231,441	\$ 117,138	\$ 17,665	\$ 532,913
0	0	0	855
0	0	0	2,600
<u>231,441</u>	<u>117,138</u>	<u>17,665</u>	<u>536,368</u>
0	91,719	0	203,256
0	30,000	12,390	100,290
157,884	0	40,001	201,691
64,482	0	0	64,482
12,200	0	0	12,200
0	0	0	7,281
<u>234,566</u>	<u>121,719</u>	<u>52,391</u>	<u>589,200</u>
(3,125)	(4,581)	(34,726)	(52,832)
<u>4,417</u>	<u>1,938</u>	<u>4,505</u>	<u>41,794</u>
<u>\$ 1,292</u>	<u>\$ (2,643)</u>	<u>\$ (30,221)</u>	<u>\$ (11,038)</u>

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
Summit County, Ohio
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2014

	Service Center Agency	Employee Benefits	Total Agency Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 161,671	\$ 1,339	\$ 163,010
Intergovernmental Receivable	1,010	0	1,010
<i>Total Assets</i>	<u>\$ 162,681</u>	<u>\$ 1,339</u>	<u>\$ 164,020</u>
Liabilities			
Accounts Payable	\$ 7,420	\$ 0	\$ 7,420
Intergovernmental Payable	0	1,339	1,339
Undistributed Monies	155,261	0	155,261
<i>Total Liabilities</i>	<u>\$ 162,681</u>	<u>\$ 1,339</u>	<u>\$ 164,020</u>

Summit County Educational Service Center

Summit County, Ohio

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

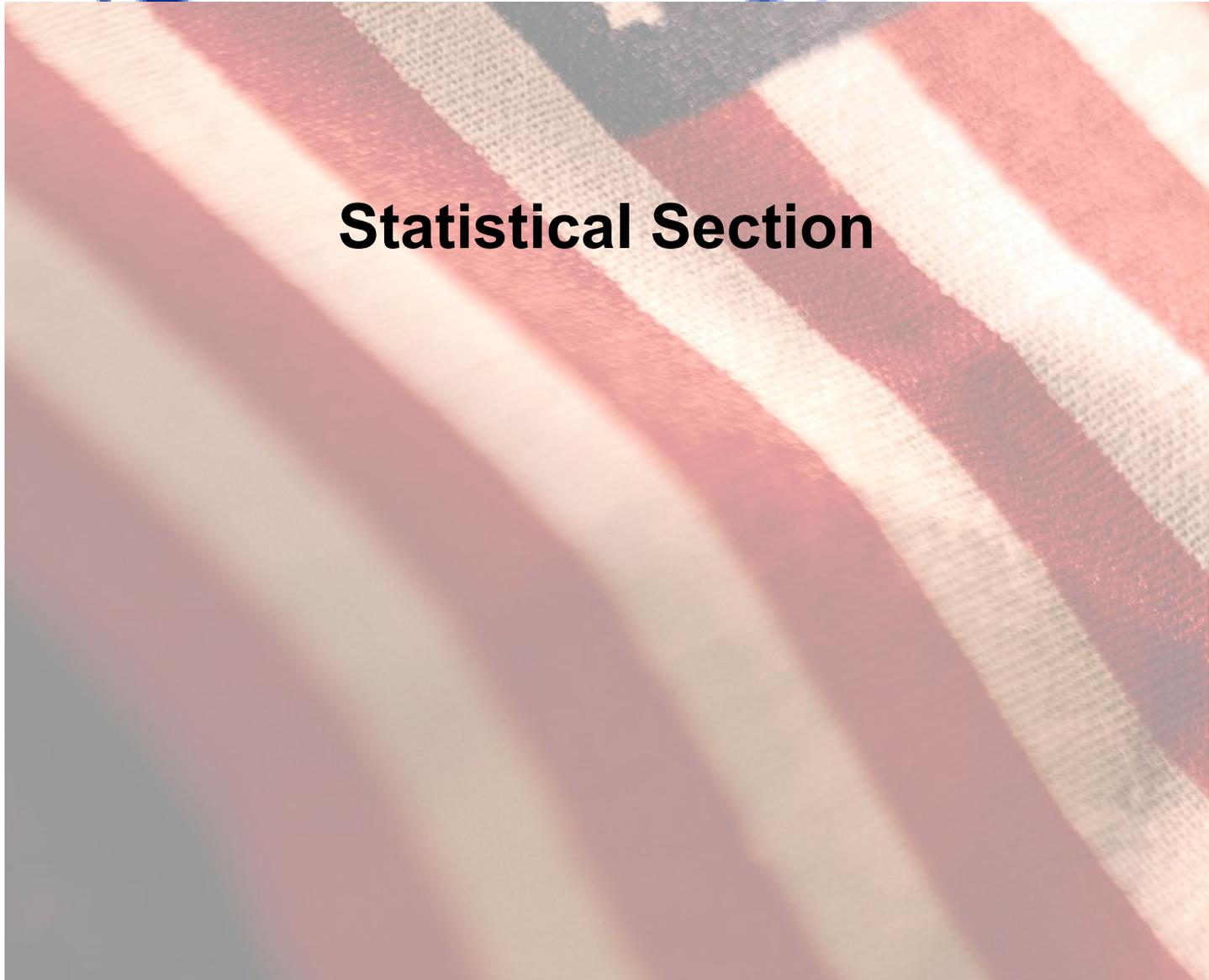
For the Fiscal Year Ended June 30, 2014

	<u>Beginning Balance 7/1/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 6/30/14</u>
Service Center Agency				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 144,452	\$ 69,004	\$ 51,785	\$ 161,671
Receivables:				
Intergovernmental	7,140	1,010	7,140	1,010
Total Assets	<u>\$ 151,592</u>	<u>\$ 70,014</u>	<u>\$ 58,925</u>	<u>\$ 162,681</u>
<u>Liabilities:</u>				
Accounts Payable	\$ 0	\$ 7,420	\$ 0	\$ 7,420
Undistributed Monies	151,592	17,219	13,550	155,261
Total Liabilities	<u>\$ 151,592</u>	<u>\$ 24,639</u>	<u>\$ 13,550</u>	<u>\$ 162,681</u>
Employee Benefits				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 419	\$ 920	\$ 0	\$ 1,339
Total Assets	<u>\$ 419</u>	<u>\$ 920</u>	<u>\$ 0</u>	<u>\$ 1,339</u>
<u>Liabilities:</u>				
Intergovernmental Payable	\$ 419	\$ 920	\$ 0	\$ 1,339
Total Liabilities	<u>\$ 419</u>	<u>\$ 920</u>	<u>\$ 0</u>	<u>\$ 1,339</u>
Total - All Agency Funds				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 144,871	\$ 69,924	\$ 51,785	\$ 163,010
Receivables:				
Intergovernmental	7,140	1,010	7,140	1,010
Total Assets	<u>\$ 152,011</u>	<u>\$ 70,934</u>	<u>\$ 58,925</u>	<u>\$ 164,020</u>
<u>Liabilities:</u>				
Accounts Payable	\$ 0	\$ 7,420	\$ 0	\$ 7,420
Intergovernmental Payable	419	920	0	1,339
Undistributed Monies	151,592	17,219	13,550	155,261
Total Liabilities	<u>\$ 152,011</u>	<u>\$ 25,559</u>	<u>\$ 13,550</u>	<u>\$ 164,020</u>



Summit County

Educational Service Center



Statistical Section

STATISTICAL SECTION

This part of the Summit County Educational Service Center's (Service Center) 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 Service Center's overall financial health.

<u><i>Statistical Section Contents</i></u>	<u><i>Page</i></u>
Financial Trends	
These schedules contain trend information to help the reader understand how the Service Center's financial performance has changed over time.	50-57
Revenue Capacity	
These schedules contain information to help the reader assess the affordability of the Service Center's most significant local revenue source, "charges for services".	58
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within the Service Center's financial activities take place.	59-67
Operating	
These schedules contain service data to help the reader understand how the information in the Service Center's financial report relates to the services the Service Center provides and the activities performed.	68-71
Debt Information	
This schedule presents information to help the reader assess the affordability of the Service Center's current levels of outstanding debt	72

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

	2014	2013	2012	2011
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 1,025,871	\$ 1,000,298	\$ 956,194	\$ 947,583
Restricted	398,572	106,979	333,572	377,913
Unrestricted	6,304,560	6,193,617	6,052,372	6,581,550
Total Governmental Activities				
Net Position	<u>\$ 7,729,003</u>	<u>\$ 7,300,894</u>	<u>\$ 7,342,138</u>	<u>\$ 7,907,046</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 1,025,871	\$ 1,000,298	\$ 956,194	\$ 947,583
Restricted	398,572	106,979	333,572	377,913
Unrestricted	6,304,560	6,193,617	6,052,372	6,581,550
Total Primary Government				
Net Position	<u>\$ 7,729,003</u>	<u>\$ 7,300,894</u>	<u>\$ 7,342,138</u>	<u>\$ 7,907,046</u>

Source: FY2005- FY2014 Service Center Audit Reports

2010	2009	2008	2007	2006	2005
\$ 934,281	\$ 957,966	\$ 956,526	\$ 993,685	\$ 1,022,788	\$ 234,052
673,040	471,531	1,864,256	272,331	166,267	212,594
<u>6,797,030</u>	<u>6,511,875</u>	<u>4,873,940</u>	<u>4,904,129</u>	<u>4,051,896</u>	<u>4,733,283</u>
<u>\$ 8,404,351</u>	<u>\$ 7,941,372</u>	<u>\$ 7,694,722</u>	<u>\$ 6,170,145</u>	<u>\$ 5,240,951</u>	<u>\$ 5,179,929</u>
\$ 934,281	\$ 957,966	\$ 956,526	\$ 993,685	\$ 1,022,788	\$ 234,052
673,040	471,531	1,864,256	272,331	166,267	212,594
<u>6,797,030</u>	<u>6,511,875</u>	<u>4,873,940</u>	<u>4,904,129</u>	<u>4,051,896</u>	<u>4,733,283</u>
<u>\$ 8,404,351</u>	<u>\$ 7,941,372</u>	<u>\$ 7,694,722</u>	<u>\$ 6,170,145</u>	<u>\$ 5,240,951</u>	<u>\$ 5,179,929</u>

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

	2014	2013 (1)	2012	2011
Primary Government:				
<u>Expenses:</u>				
Governmental Activities:				
Instruction:				
Regular	\$ 996,270	\$ 546,062	\$ 867,600	\$ 923,978
Special	5,026,161	6,756,094	5,771,610	4,327,833
Vocational	89,261	68,790	75,995	88,980
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	3,480,941	3,754,776	3,649,489	3,136,536
Instructional Staff	4,130,917	4,449,228	4,622,772	4,250,972
Board of Governors	49,984	56,629	68,640	59,229
Administration	1,008,675	1,013,927	647,737	706,592
Fiscal	307,756	315,483	345,505	317,541
Business	33,365	32,837	56,890	47,809
Operation and Maintenance of Plant	526,689	561,598	388,307	316,129
Pupil Transportation	0	0	0	0
Central	67,707	123,273	193,077	200,088
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	48,911	56,208	57,482	56,002
Interest and fiscal charges	34,948	37,763	40,472	43,172
Total Governmental Activities - Expenses	<u>15,801,585</u>	<u>17,772,668</u>	<u>16,785,576</u>	<u>14,474,861</u>
<u>Program Revenues:</u>				
Governmental Activities:				
<u>Charges for Services and Sales:</u>				
Instruction:				
Regular	471,218	43,549	488,860	541,225
Special	5,544,529	6,395,013	4,926,528	3,362,495
Vocational	75,522	24,417	61,149	69,192
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	3,359,445	3,414,118	3,065,263	2,464,636
Instructional Staff	1,566,055	1,632,620	1,636,128	1,797,166
Board of Governors	0	0	10,065	48,073
Administration	425,693	653,681	337,676	539,361
Fiscal	265,909	267,505	272,678	113,086
Business	13,411	14,929	11,154	35,863
Operation and Maintenance of Plant	325,544	359,113	222,971	240,878
Central	49,421	76,205	133,655	132,324
Extracurricular	31,172	46,705	46,902	44,125
<u>Operating Grants and Contributions:</u>				
Instruction:				
Regular	0	7,608	303,486	210,085
Special	202,009	225,082	206,355	129,913
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	97,546	62,245	63,797	54,383
Instructional Staff	1,831,653	1,749,760	1,862,649	1,771,441
Administration	64,400	1,722	56	23,644
Fiscal	118,656	100,818	4,831	86,332
Operation and Maintenance of Plant	188,599	142,704	62,936	60,067
Central	6,316	48,447	33,473	6,506
Operation of Non-Instructional Services	0	0	0	0
Total Governmental Activities Program Revenues	<u>14,637,098</u>	<u>15,266,241</u>	<u>13,750,612</u>	<u>11,730,795</u>
Net (expense)/revenue	(1,164,487)	(2,506,427)	(3,034,964)	(2,744,066)
<u>General Revenues and Other Changes in Net Position</u>				
Grants and Entitlements not Restricted				
to Specific Programs	1,588,760	2,458,618	2,448,486	2,351,492
Investment Earnings	3,736	5,669	6,361	9,617
Miscellaneous	100	600	15,209	314
Total Governmental Activities	<u>1,592,596</u>	<u>2,464,887</u>	<u>2,470,056</u>	<u>2,361,423</u>
<u>Change in Net Position:</u>				
Governmental Activities	<u>\$ 428,109</u>	<u>\$ (41,540)</u>	<u>\$ (564,908)</u>	<u>\$ (382,643)</u>

Source: FY2005 - FY2014 Service Center Audit Reports

(1) Excludes the activities of funds reported in the general fund with the reclassification of a fund to private purpose trust. Amount was not significant and would not impact the analysis.

2010	2009	2008	2007	2006	2005
\$ 913,601	\$ 605,811	\$ 540,996	\$ 369,429	\$ 349,962	\$ 209,664
3,812,318	3,373,034	2,998,717	2,904,473	2,359,153	1,923,412
69,889	65,783	60,090	58,931	56,693	53,325
0	1,550	1,215	1,888	4,739	3,843
2,993,203	2,883,336	2,964,052	2,586,241	2,413,522	1,946,972
4,187,584	4,624,215	3,204,321	2,284,496	2,256,066	2,183,010
87,926	60,635	69,199	55,669	58,371	28,563
810,933	1,226,557	1,332,565	846,333	778,517	813,310
457,431	332,287	307,573	270,605	249,872	236,049
32,585	42,141	42,678	63,513	45,152	50,286
395,811	427,400	210,114	123,790	106,250	142,367
0	0	226,744	0	0	0
210,520	253,570	12,696	248,083	207,542	433,416
13,000	0	0	0	0	0
21,865	43,959	1,778	19,638	13,166	20,304
46,230	49,229	0	2,299	1,545	1,051
<u>14,052,896</u>	<u>13,989,507</u>	<u>11,972,738</u>	<u>9,835,388</u>	<u>8,900,550</u>	<u>8,045,572</u>
673,409	415,158	300,784	161,796	121,485	106,586
3,202,215	2,755,621	2,342,484	2,312,742	1,737,617	1,535,977
66,643	60,088	50,568	145,649	109,360	95,948
0	0	0	6,156	4,622	4,055
2,633,798	2,501,779	2,369,294	1,736,547	1,303,883	1,160,980
1,641,917	1,453,927	1,463,840	1,287,488	966,602	844,990
23,853	0	58,051	2,198	1,650	1,448
393,634	506,014	523,350	1,088,987	817,664	717,389
298,316	260,372	225,858	40,654	30,525	26,781
1,699	4,128	34,815	3,078	2,311	2,028
115,736	105,538	109,400	4,837	3,632	3,186
152,931	192,978	157,361	231,928	174,141	162,237
20,685	40,358	0	0	0	0
145,642	218,379	219,603	94,038	459,995	0
139,951	41,671	149,113	181,428	218,335	394,094
0	0	1,222	0	0	0
63,038	97,383	123,746	0	29,299	154,037
2,213,428	2,472,629	1,734,960	384,365	121,223	210,792
71,438	374,738	986,919	281,165	0	0
133,739	43,367	16,810	0	0	0
167,923	193,768	49,022	0	0	0
38,782	3,000	0	3,000	482	354
12,768	0	0	0	0	0
<u>12,211,545</u>	<u>11,740,896</u>	<u>10,917,200</u>	<u>7,966,056</u>	<u>6,102,826</u>	<u>5,420,882</u>
(1,841,351)	(2,248,611)	(1,055,538)	(1,869,332)	(2,797,724)	(2,624,690)
2,290,684	2,406,256	2,302,630	2,441,160	2,487,564	2,579,771
13,157	65,048	228,370	329,136	255,665	126,759
489	23,957	49,115	28,230	115,517	24,293
<u>2,304,330</u>	<u>2,495,261</u>	<u>2,580,115</u>	<u>2,798,526</u>	<u>2,858,746</u>	<u>2,730,823</u>
\$ 462,979	\$ 246,650	\$ 1,524,577	\$ 929,194	\$ 61,022	\$ 106,133

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

	<u>General Fund</u>			
	Fiscal Year Ended June 30, 2014	Restated Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011
Unreserved	\$ 0	\$ 0	\$ 0	\$ 0
Reserved	0	0	0	0
Assigned	63,090	53,871	50,155	56,747
Unassigned	4,109,548	4,705,544	4,305,462	6,046,993
Total fund balance	\$ 4,172,638	\$ 4,759,415	\$ 4,355,617	\$ 6,103,740

	<u>All Other Governmental Funds</u>			
	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011
Fund balance, reserved	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance, unreserved reported in:				
Special revenue funds	0	0	0	0
Capital project funds	0	0	0	0
Restricted	97,381	99,168	49,934	92,808
Unassigned	(42,418)	(1,759)	(188,612)	(195,023)
Total fund balance	\$ 54,963	\$ 97,409	\$ (138,678)	\$ (102,215)

Source: FY2005 - FY2014 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, 2010	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
\$ 0	\$ 5,046,947	\$ 5,300,862	\$ 4,013,583	\$ 3,874,349	\$ 4,208,418
0	90,147	130,629	133,345	80,720	111,428
35,566	N/A	N/A	N/A	N/A	N/A
5,393,947	N/A	N/A	N/A	N/A	N/A
<u>\$ 5,429,513</u>	<u>\$ 5,137,094</u>	<u>\$ 5,431,491</u>	<u>\$ 4,146,928</u>	<u>\$ 3,955,069</u>	<u>\$ 4,319,846</u>

Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
\$ 0	\$ 81,920	\$ 447,043	\$ 111,352	\$ 16,904	\$ 1,141
0	342,351	(71,835)	160,973	149,363	209,966
0	2,243	1,231,224	0	0	0
269,620	N/A	N/A	N/A	N/A	N/A
0	N/A	N/A	N/A	N/A	N/A
<u>\$ 269,620</u>	<u>\$ 426,514</u>	<u>\$ 1,606,432</u>	<u>\$ 272,325</u>	<u>\$ 166,267</u>	<u>\$ 211,107</u>

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

	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013 (1)	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2011
Revenues:				
Intergovernmental	\$ 3,810,452	\$ 5,142,393	\$ 5,317,018	\$ 4,798,963
Investment Income	3,736	5,669	6,361	9,617
Tuition and fees	3,823,612	5,051,826	1,608,558	2,989,405
Gifts and donations	2,600	0	599	0
Charges for services	7,899,943	8,491,724	8,352,304	7,412,298
Miscellaneous	5,920	2,566	15,207	6,863
Total revenues	<u>15,546,263</u>	<u>18,694,178</u>	<u>15,300,047</u>	<u>15,217,146</u>
Expenditures:				
Current:				
Instruction:				
Regular	998,698	543,923	873,398	924,067
Special	5,025,815	6,748,033	5,755,354	4,317,750
Vocational	89,148	69,135	75,510	88,926
Adult/continuing	0	0	0	0
Support services:				
Pupils	3,526,026	3,754,038	3,658,288	3,171,368
Instructional staff	4,196,284	4,502,347	4,693,692	4,337,367
Board of Governors	49,984	56,629	68,640	59,229
Administration	997,252	978,948	619,275	729,115
Fiscal	418,076	432,623	467,530	460,589
Business	33,335	32,874	56,875	45,163
Operation and maintenance of plant	615,403	645,956	449,129	411,552
Central	66,622	123,943	199,228	198,113
Operation of Non-Instructional Services	0	0	0	0
Extracurricular activities	48,911	56,208	57,782	55,936
Capital outlay	0	0	0	0
Debt service:				
Principal retirement	74,984	72,169	69,460	72,407
Interest and fiscal charges	34,948	37,763	40,472	43,172
Total expenditures	<u>16,175,486</u>	<u>18,054,589</u>	<u>17,084,633</u>	<u>14,914,754</u>
Excess of Revenues Over (Under)				
Expenditures	(629,223)	639,589	(1,784,586)	302,392
Other Financing Sources (Uses):				
Inception of capital lease	0	0	0	0
Proceeds from lease-purchase agreement	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>\$ (629,223)</u>	<u>\$ 639,589</u>	<u>\$ (1,784,586)</u>	<u>\$ 302,392</u>
Debt Service as a Percentage of Noncapital Expenditures	0.7%	0.6%	0.6%	0.8%

Source: FY2005 - FY2014 Service Center Audit Reports

(1) Excludes the activities of funds reported in the general fund with the reclassification of a fund to private purpose trust.

Amount was not significant and would not impact the analysis.

Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
\$ 5,043,267	\$ 6,064,539	\$ 5,292,136	\$ 3,383,717	\$ 3,318,493	\$ 3,355,470
13,157	65,048	228,370	329,136	255,665	126,759
1,621,441	1,021,296	1,633,981	622,444	1,046,086	883,945
13,330	0	9,200	804	1,598	3,150
7,559,568	6,596,537	6,057,338	5,806,717	4,595,247	3,824,549
2,657	22,235	94,670	29,670	115,515	21,143
<u>14,253,420</u>	<u>13,769,655</u>	<u>13,315,695</u>	<u>10,172,488</u>	<u>9,332,604</u>	<u>8,215,016</u>
912,276	605,374	540,400	368,742	336,401	207,839
3,790,998	3,356,855	2,988,392	2,897,878	2,349,568	2,020,576
69,782	65,496	59,943	58,788	56,434	52,865
0	1,550	1,215	1,888	4,739	3,843
2,995,724	2,912,098	2,949,490	2,573,179	2,439,096	1,945,466
4,158,601	4,622,372	3,194,039	2,307,966	2,243,598	2,215,781
87,926	60,635	69,199	55,669	58,371	47,806
793,852	1,215,504	1,329,878	868,685	799,137	805,641
452,161	329,721	306,580	307,187	271,289	238,834
31,755	39,721	38,642	60,758	44,675	51,649
345,834	382,724	178,773	97,064	951,376	120,368
208,469	256,179	247,015	245,847	209,720	419,619
13,000	0	0	0	0	0
21,631	43,959	12,725	19,628	13,156	20,295
0	1,230,858	0	0	0	0
74,994	71,995	9,514	8,993	12,203	11,665
46,230	49,229	1,778	2,299	1,545	1,051
<u>14,003,233</u>	<u>15,244,270</u>	<u>11,927,583</u>	<u>9,874,571</u>	<u>9,791,308</u>	<u>8,163,298</u>
250,187	(1,474,615)	1,388,112	297,917	(458,704)	51,718
0	0	0	0	49,087	0
0	0	1,230,858	0	0	0
<u>0</u>	<u>0</u>	<u>1,230,858</u>	<u>0</u>	<u>49,087</u>	<u>0</u>
<u>\$ 250,187</u>	<u>\$ (1,474,615)</u>	<u>\$ 2,618,970</u>	<u>\$ 297,917</u>	<u>\$ (409,617)</u>	<u>\$ 51,718</u>
0.9%	0.9%	0.1%	0.1%	0.1%	0.2%

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

Source	Fiscal Year 2014 (1) Amount	% Of The Total Largest Own Revenue Source	Source	Fiscal Year 2005 (1) Amount	% Of The Total Largest Own Revenue Source
Preschool Excess Costs	\$ 2,743,659	23%	School Foundation Basic Allowance	\$ 1,568,712	22%
School Foundation Basic Allowance	1,525,165	13%	Preschool Excess Costs	580,674	9%
Kids First Autism	735,145	6%	Psychological Services	494,482	7%
Copley-Fairlawn School District	661,306	5%	Foundation Preschool Units	481,604	7%
Greater Summit County Early Learning	601,771	5%	Copley-Fairlawn School District	447,623	7%
Preschool State Units	539,884	4%	Cuyahoga Falls School District	408,786	6%
Barberton School District	500,806	4%	Revere School District	336,334	5%
Nordonia Hills School District	412,965	3%	C & I Contracted Services	297,667	4%
Green Local School District	403,368	3%	Green School District	252,135	4%
Cuyahoga Falls School District	374,744	3%	Cuyahoga Valley Christian Academy	179,540	3%
Total Top Payers/Users of Services	<u>8,498,813</u>	<u>70%</u>		<u>5,047,557</u>	<u>75%</u>
Total Charges for Services (2)	<u>\$ 12,127,919</u>		Total Charges for Services (2)	<u>\$ 6,668,670</u>	

Most significant services provided to member districts (3):

Services provided by the Service Center 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) 2005 - 2014 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
Summit County, Ohio
Demographic and Economic Indicators
Most Recent Year Available and Nine Year's Prior

	<u>2004</u>	<u>2013</u>
Civilian labor force in county	286,800	280,300
Unemployed in county	17,400	20,000
Unemployment rate in county	6.1%	7.1%
Unemployment rate - Ohio	6.2%	7.4%

Ten Largest Employers in Summit County as of December 31, 2013

Employer	Nature of Activity or Business	Approximate Number of Employees	Percent of Total Employed
Summa Health System	Medical	11,000	4.23%
FirstMerit Corporation	Banking	4,894	1.88%
Akron General Health System	Medical	3,843	1.48%
Akron Children's Hospital	Medical	3,220	1.24%
Goodyear Tire & Rubber Company	Rubber Products	3,000	1.15%
Summit County	Government	2,969	1.14%
Akron Public School	Education	2,827	1.09%
University of Akron	High Education	2,622	1.01%
First Energy Corporation	Utilities	2,500	0.96%
Sterling Jewelers Inc.	Corporate Headquarters	2,300	0.88%

Ten Largest Employers in Summit County as of December 31, 2004

Employer	Nature of Activity or Business	Approximate Number of Employees	Percent of Total Employed
Goodyear Tire and Rubber Company	Rubber Products	4,700	1.76%
Akron General Medical Center	Medical	3,670	1.38%
Akron Public Schools	Education	3,500	1.31%
City of Akron	Government	2,581	0.97%
First Energy Corporation	Utilities	2,300	0.86%
Akron Children's Hospital	Medical	2,081	0.78%
Infocision Management Corporation	Management	1,864	0.70%
Georgia Pacific Corporation	Manufacturing	1,800	0.67%
FW Albrecht Grocery Corporation	Grocery Store	1,500	0.56%
Babcock & Wilcox Company	Engineering	1,100	0.41%

Source: County of Summit/Ohio CAFR

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

School District (1)	2013		2004 Personal Tax Returns	
	Total District Personal Income	Per Capita Personal Income	Total District Personal Income	Per Capita Personal Income
Barberton CSD	\$ 409,528,174	\$ 36,225	\$ 381,544,420	\$ 31,782
Copley-Fairlawn CSD	901,183,425	81,570	674,670,734	66,431
Coventry LSD	319,086,640	49,113	281,671,068	42,211
Cuyahoga Falls CSD	1,016,348,748	47,407	871,758,583	40,587
Green LSD	881,054,208	69,665	617,620,317	53,363
Hudson CSD	1,679,763,222	147,102	1,336,509,915	119,438
Manchester LSD	227,092,800	51,800	198,956,445	43,746
Mogadore LSD	89,613,702	44,015	80,560,281	40,080
Nordonia Hills CSD	1,080,295,127	63,547	835,263,861	53,310
Norton CSD	339,337,594	50,183	296,584,443	43,481
Revere LSD	1,534,065,332	157,163	1,246,960,160	138,305
Springfield LSD	385,976,406	44,396	323,609,070	36,703
Stow-Munroe Falls CSD	1,266,942,169	62,479	1,060,177,070	52,911
Tallmadge CSD	493,184,763	56,773	409,924,849	49,418
Twinsburg CSD	872,746,012	69,664	636,086,035	57,668
Woodridge LSD	650,014,847	73,274	460,266,316	59,183
Average personal income	\$ 759,139,573			

Source: Ohio Department of Taxation

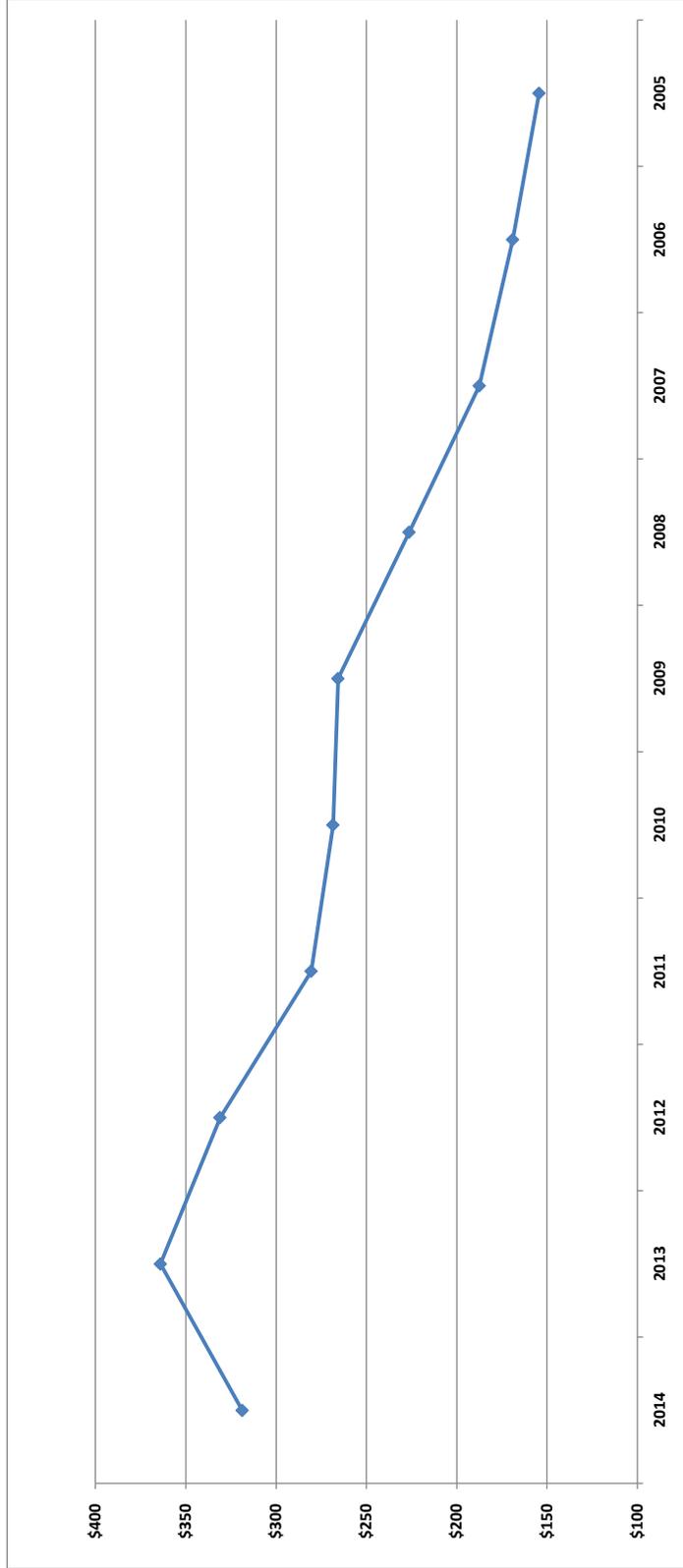
(1) Member district income was deemed relevant information. Employer and Employee income does not directly effect the Service Center's largest own revenue source. However, it is deemed to indirectly effect it. The financial stability of the member district's has a direct effect on the services they request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

**Summit County Educational Service Center
Summit County, Ohio**

**Expenditures Per Average Daily Membership (ADM)
Last Ten Fiscal Years**

Fiscal Year Ended June 30	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
(1) Expenses/Expenditures	\$ 15,801,585	\$ 17,772,668	\$ 16,785,576	\$ 14,474,861	\$ 14,052,896	\$ 13,989,507	\$ 11,972,738	\$ 9,835,388	\$ 8,900,550	\$ 8,163,298
(2) ADM	49,574	48,826	50,710	51,600	52,345	52,665	52,912	52,483	52,681	52,902
Expenditures/ADM	\$ 319	\$ 364	\$ 331	\$ 281	\$ 268	\$ 266	\$ 226	\$ 187	\$ 169	\$ 154

Expenditures per Average Daily Membership (ADM)

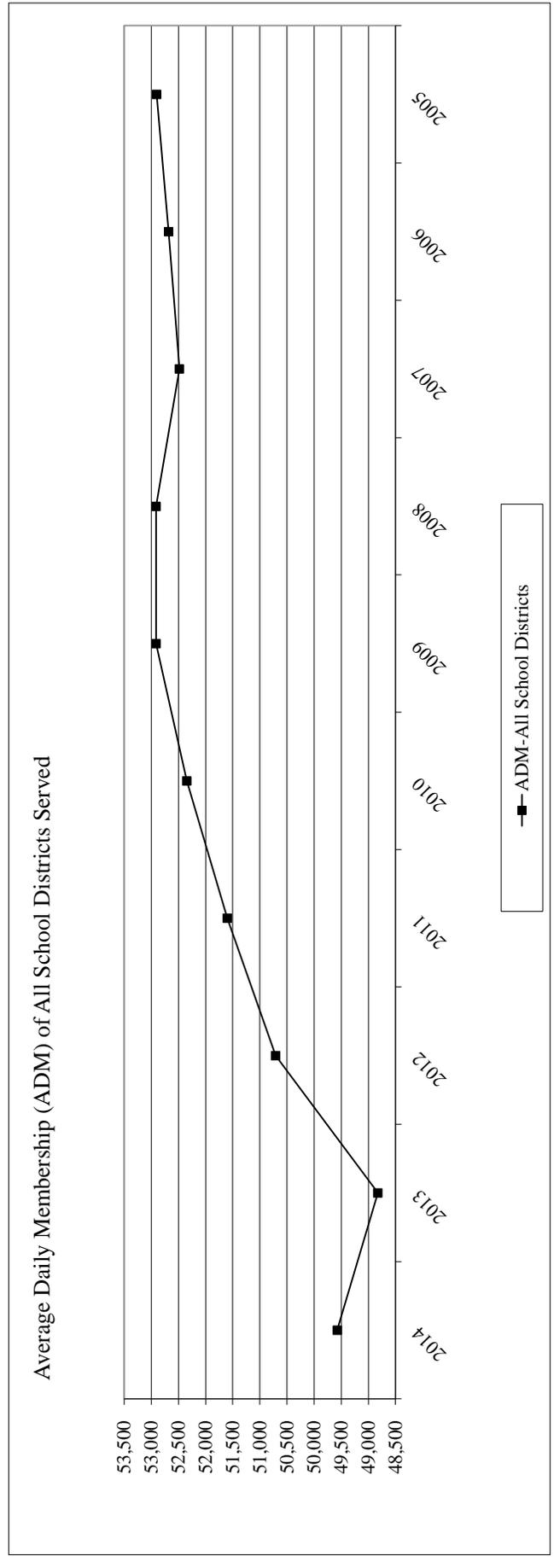


(1) FY2005-FY2014 accrual basis expenses are provided. All provided by Service Center Audit Reports.

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

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

Fiscal Year Ended June 30	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
ADM	49,574	48,826	50,710	51,600	52,345	52,912	52,912	52,483	52,681	52,902
Percent Change	1.53%	-3.72%	-1.72%	-1.42%	-1.07%	0.00%	0.82%	-0.38%	-0.42%	-0.47%



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

Fiscal Year Ended June 30,	Barberton City School District			Copley-Fairlawn City School District		
	2013	2012	2011	2013	2012	2011
Fall Enrollment	3,739	3,739	3,676	3,069	3,062	3,156

Demographic Data:

Average Income	\$25,674	\$24,583	\$24,583	\$45,348	\$45,348	\$43,434
Revenue/Pupil	\$11,742	\$11,252	\$11,396	\$11,605	\$11,173	\$10,548
Local %	31.3%	29.3%	25.7%	79.0%	77.1%	74.4%
State %	54.2%	55.7%	54.9%	17.3%	19.6%	20.9%
Federal %	14.5%	15.0%	19.4%	3.7%	3.3%	4.7%

Fiscal Data:

Effective Mills	52.66	59.74	58.57	61.67	64.52	57.67
Average Teacher Salary	\$58,219	\$57,603	\$57,857	\$61,337	\$61,843	\$63,489

Staff Data:

Staff Attendance Rate	94.50	95.90	95.20	95.50	95.40	94.60
Number of Teachers	237.00	267.00	273.50	156.83	198.00	194.60
Student/Teacher Ratio	17.19	14.01	13.44	20.94	15.47	16.22

Output:

Pupil Attendance Rate	93.30	92.60	93.30	96.30	95.00	95.00
Graduation Rate	83.00	86.40	91.90	93.80	95.30	98.50

Fiscal Year Ended June 30,	Nordonia Hills City School District			Norton City School District		
	2013	2012	2011	2013	2012	2011
Fall Enrollment	3,720	3,626	3,979	2,467	2,427	2,543

Demographic Data:

Average Income	\$43,329	\$45,329	\$41,631	\$35,812	\$35,812	\$33,898
Revenue/Pupil	\$12,008	\$11,034	\$9,405	\$8,996	\$8,534	\$8,155
Local %	72.2%	64.1%	64.9%	58.0%	54.6%	54.0%
State %	23.3%	30.9%	30.9%	37.2%	38.9%	40.6%
Federal %	4.5%	5.0%	4.2%	4.8%	6.4%	5.4%

Fiscal Data:

Effective Mills	67.30	63.26	60.86	58.80	61.80	54.85
Average Teacher Salary	\$62,764	\$63,557	\$58,962	\$53,183	\$53,914	\$55,434

Staff Data:

Staff Attendance Rate	95.40	95.60	94.10	95.70	95.60	95.70
Number of Teachers	200.62	206.00	235.60	128.63	147.00	149.70
Student/Teacher Ratio	19.20	17.61	16.89	19.17	16.51	16.99

Output:

Pupil Attendance Rate	96.20	95.00	95.00	95.00	94.70	95.00
Graduation Rate	96.40	94.60	96.20	93.30	96.80	96.10

NOTE: It has been determined 10 years of data would be too cumbersome for CAFR reporting.

Information can be obtained from the Educational Service Center Treasurer's office as needed.

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

(1) Information is not available for fiscal year 2014 due to this year still being under audit for some schools.

Coventry Local School District			Cuyahoga Falls City School District			Green Local School District		
2013	2012	2011	2013	2012	2011	2013	2012	2011
2,274	2,131	2,239	4,840	4,871	4,721	4,026	3,928	4,167
\$32,752	\$32,752	\$31,383	\$32,361	\$32,361	\$31,599	\$38,891	\$38,891	\$37,360
\$9,375	\$9,622	\$9,270	\$10,650	\$10,012	\$9,496	\$9,616	\$8,538	\$7,784
70.8%	70.0%	65.5%	62.8%	62.0%	60.1%	60.8%	56.9%	52.9%
22.4%	22.6%	25.7%	30.8%	33.7%	35.2%	34.7%	38.0%	40.1%
6.8%	7.3%	8.7%	6.4%	4.4%	4.8%	4.5%	5.1%	7.0%
77.87	59.74	70.56	69.08	69.92	68.09	43.62	46.54	63.84
\$52,573	\$50,080	\$50,463	\$52,654	\$53,694	\$54,663	\$57,507	\$56,463	\$56,761
94.70	94.10	94.60	95.50	93.70	94.20	93.40	94.00	94.10
113.24	141.00	142.30	276.26	324.00	315.10	220.54	231.00	238.00
20.08	15.12	15.73	17.86	15.04	14.98	19.07	17.01	17.51
94.40	94.20	94.70	95.10	94.80	95.00	95.80	95.00	95.00
96.60	95.50	95.00	89.50	91.70	96.40	95.60	93.80	96.60
Revere Local School District			Springfield Local School District			Stow-Munroe Falls City School District		
2013	2012	2011	2013	2012	2011	2013	2012	2011
2,573	2,539	2,708	2,334	2,219	2,364	5,080	5,016	5,345
\$59,114	\$59,114	\$55,664	\$30,373	\$30,373	\$29,306	\$39,792	\$39,792	\$38,705
\$13,775	\$12,778	\$11,485	\$12,069	\$12,046	\$11,331	\$11,662	\$10,479	\$9,715
80.4%	75.9%	75.2%	50.9%	51.4%	49.4%	64.5%	61.2%	58.9%
16.9%	20.9%	21.1%	40.5%	40.0%	40.4%	31.5%	35.3%	35.6%
2.7%	3.2%	3.7%	8.6%	8.5%	10.1%	4.0%	3.4%	5.5%
61.92	63.26	68.05	51.46	56.84	73.09	52.89	53.55	69.21
\$67,891	\$67,940	\$69,030	\$60,935	\$62,321	\$61,842	\$62,515	\$62,683	\$63,502
95.20	95.10	95.70	93.60	94.40	94.60	95.20	94.80	94.90
150.91	175.00	173.70	149.19	137.00	134.40	244.53	299.00	319.00
17.94	14.51	15.59	16.79	16.20	17.59	21.48	16.78	17.17
96.60	95.00	95.00	93.50	94.00	93.90	95.70	95.00	95.00
99.10	97.80	99.60	94.60	93.40	92.70	95.10	96.20	98.50

Summit County Educational Service Center

Summit County, Ohio

Miscellaneous Statistics - School Districts Served

Last Three Fiscal Years (1)

Fiscal Year Ended June 30,	Hudson City School District			Manchester Local School District		
	2013	2012	2011	2013	2012	2011
Fall Enrollment	4,490	4,489	4,622	1,393	1,321	1,480

Demographic Data:

Average Income	\$69,030	\$69,030	\$64,018	\$35,326	\$35,326	\$33,877
Revenue/Pupil	\$14,357	\$13,196	\$12,580	\$10,321	\$8,918	\$8,429
Local %	69.1%	65.0%	63.5%	49.5%	47.5%	45.0%
State %	27.3%	32.4%	32.3%	45.8%	47.6%	47.9%
Federal %	3.6%	2.6%	4.2%	5.0%	4.9%	7.1%

Fiscal Data:

Effective Mills	86.93	91.24	74.66	67.28	63.93	68.35
Average Teacher Salary	\$73,313	\$74,987	\$72,901	\$52,639	\$52,438	\$52,190

Staff Data:

Staff Attendance Rate	95.40	95.20	95.40	96.40	96.10	95.40
Number of Teachers	258.91	291.00	321.40	60.78	81.00	81.40
Student/Teacher Ratio	17.88	15.43	14.38	22.91	16.31	18.18

Output:

Pupil Attendance Rate	96.30	95.00	95.00	95.70	95.00	95.00
Graduation Rate	96.10	97.90	99.10	97.60	94.70	92.20

Fiscal Year Ended June 30,	Tallmadge City School District			Twinsburg City School District		
	2013	2012	2011	2013	2012	2011
Fall Enrollment	2,450	2,440	2,581	4,232	4,179	4,237

Demographic Data:

Average Income	\$35,896	\$35,896	\$34,851	\$45,487	\$45,487	\$44,966
Revenue/Pupil	\$10,881	\$10,288	\$10,181	\$10,055	\$9,680	\$9,619
Local %	57.2%	55.3%	55.4%	65.2%	60.5%	60.0%
State %	38.7%	39.5%	39.9%	30.7%	35.5%	34.7%
Federal %	4.1%	5.2%	4.7%	4.1%	4.0%	5.3%

Fiscal Data:

Effective Mills	66.26	72.99	68.41	63.00	66.31	64.09
Average Teacher Salary	\$57,676	\$59,565	\$62,673	\$71,162	\$67,755	\$65,612

Staff Data:

Staff Attendance Rate	96.20	95.50	96.80	94.00	94.40	94.00
Number of Teachers	155.05	153.00	162.90	202.63	233.00	239.20
Student/Teacher Ratio	16.83	15.95	15.84	21.40	17.94	17.71

Output:

Pupil Attendance Rate	95.90	95.00	95.00	96.60	95.00	95.00
Graduation Rate	96.00	94.40	93.80	96.80	94.80	98.60

NOTE: It has been determined 10 years of data would be too cumbersome for CAFR reporting.

Information can be obtained from the Educational Service Center Treasurer's office as needed.

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

(1) Information is not available for fiscal year 2014 due to this year still being under audit for some schools.

Mogadore Local School District		
2013	2012	2011
912	869	907
\$32,204	\$32,204	\$31,984
\$10,125	\$8,907	\$8,989
53.0%	50.2%	45.5%
43.3%	45.1%	48.9%
3.7%	4.7%	5.6%
76.99	81.72	66.40
\$64,028	\$64,750	\$61,414
95.00	90.00	93.30
51.06	56.00	58.50
17.84	15.52	15.50
95.50	95.00	95.00
94.70	90.60	96.10

Woodridge Local School District		
2013	2012	2011
1,975	1,970	1,985
\$33,394	\$33,394	\$32,630
\$11,955	\$11,379	\$11,068
72.8%	67.8%	69.7%
2.1%	26.3%	23.6%
5.8%	5.9%	6.7%
57.64	61.81	69.81
\$62,405	\$59,650	\$59,011
94.80	93.50	94.30
115.62	125.00	129.40
17.73	15.76	15.34
95.60	95.00	95.00
95.50	96.10	97.00

Total/Highest/Lowest All Districts Served									
2013		2012		2011					
High	Low	High	Low	High	Low				
49,574		48,826		50,710					
\$69,030	\$25,674	\$69,030	\$24,583	\$ 64,018	\$ 24,583				
\$14,357	\$8,996	\$13,196	\$8,534	\$ 12,580	\$ 7,784				
80.4%	31.3%	77.1%	29.3%	75.2%	25.7%				
54.2%	2.1%	55.7%	19.6%	54.9%	20.9%				
14.5%	2.7%	15.0%	2.6%	19.4%	3.7%				
86.93	43.62	91.24	46.54	74.66	54.85				
\$73,313	\$52,573	\$74,987	\$50,080	\$ 72,901	\$ 50,463				
96.40	93.40	96.10	90.00	96.80	93.30				
276.26	51.06	324.00	56.00	321.40	58.50				
22.91	16.79	17.94	14.01	18.18	13.44				
96.60	93.30	95.00	92.60	95.00	93.30				
99.10	83.00	97.90	86.40	99.60	91.90				

Summit County Educational Service Center
Summit County, Ohio
Number of Employees by Function/Program
Last Nine Fiscal Years

Governmental Employees by Function/Program (1)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Instruction:				
Regular	44	19	14	8
Special	91	91	71	101
Vocational	1	1	1	1
Support Services:				
Pupils	75	75	69	58
Instructional Staff	47	65	61	38
Administration	40	30	29	12
Fiscal	3	3	3	3
Business	1	1	1	1
Operation and Maintenance of Plant	2	1	1	1
Central	16	16	16	16
Extracurricular	1	1	1	1
Total employees	<u>321</u>	<u>303</u>	<u>267</u>	<u>240</u>

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

NOTE: Information prior to 2006 was not available

Source: Service Center payroll records

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
8	8	8	6	7
101	96	96	104	95
1	1	1	1	1
58	55	55	56	42
38	36	35	38	37
12	12	12	10	7
3	3	3	3	3
1	1	1	1	1
1	1	2	1	1
16	15	15	16	2
1	1	1	1	1
<u>240</u>	<u>229</u>	<u>229</u>	<u>237</u>	<u>197</u>

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

	2014	2013	2012
Instruction:			
Regular			
Furniture and Equipment	\$ 2,060	\$ 2,858	\$ 3,656
Special			
Building and Improvements	285,167	292,122	299,078
Furniture and Equipment	29,858	29,679	0
Support Services:			
Instructional Staff			
Building and Improvements	71,559	73,304	75,050
Furniture and Equipment	6,168	10,197	20,123
Administration			
Building and Improvements	729,037	746,818	764,595
Furniture and Equipment	611	1,221	2,603
Fiscal			
Furniture and Equipment	4,287	6,136	7,984
Business			
Vehicles	0	0	0
Operation and Maintenance of Plant			
Land	207,778	207,778	207,778
Building and Improvements	499,098	511,271	523,445
Furniture and Equipment	11,367	15,017	20,154
Central			
Furniture and Equipment	0	0	0
	<u>\$ 1,846,990</u>	<u>\$ 1,896,401</u>	<u>\$ 1,924,466</u>

Source: Service Center records

(1) Amounts are net of accumulated depreciation.

2011	2010	2009	2008	2007	2006	2005
\$ 0	\$ 0	\$ 0	\$ 0	\$ 337	\$ 673	\$ 1,009
306,031	312,987	319,944	105,468	107,712	109,956	0
361	3,235	7,771	12,411	17,464	22,518	27,891
76,795	78,540	80,286	82,031	83,776	85,522	0
26,179	30,390	39,529	26,657	32,687	30,339	25,969
782,381	800,161	817,943	269,530	275,265	280,999	0
6,665	10,729	14,790	18,853	9,938	11,406	17,728
9,969	6,988	8,237	9,600	11,038	5,391	6,121
0	2,634	7,901	7,901	10,535	0	0
207,778	207,778	207,778	207,778	207,778	207,777	0
535,618	547,790	559,965	128,905	131,648	134,390	0
33,538	43,188	78,955	113,662	141,187	178,339	162,822
0	0	0	0	104	255	405
<u>\$ 1,985,315</u>	<u>\$ 2,044,420</u>	<u>\$ 2,143,099</u>	<u>\$ 982,796</u>	<u>\$ 1,029,469</u>	<u>\$ 1,067,565</u>	<u>\$ 241,945</u>

Summit County Educational Service Center

Summit County, Ohio

Ratio of Outstanding Debt to Personal Income and Debt per Member District

Last Nine Fiscal Years

Year	Capital Lease	Total Debt	Average Personal Income Per Member District	Percentage of Total Debt to Personal Income	Outstanding Debt Per Member District
2014	\$ 821,119	\$ 821,119	\$ 759,139,573	0.11%	\$ 51,320
2013	896,103	896,103	671,312,708	0.13%	56,006
2012	968,272	968,272	643,929,184	0.15%	60,517
2011	1,037,732	1,037,732	637,606,812	0.16%	64,858
2010	1,110,139	1,110,139	654,388,941	0.17%	69,384
2009	1,185,133	1,185,133	639,958,892	0.19%	74,071
2008	1,257,128	1,257,128	639,958,892	0.20%	78,571
2007	35,784	35,784	606,079,400	0.01%	2,237
2006	44,777	44,777	607,010,035	0.01%	2,799

Source: Ohio Department of Taxation

Note: Information prior to 2006 was not available.



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 10, 2015**