

Summit County Educational Service Center, Ohio

**Comprehensive
Annual Financial
Report**

FOR THE YEAR ENDED JUNE 30, 2001





STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of the Governing Board
Summit County Educational Service Center
Cuyahoga Falls, Ohio 44221

We have reviewed the Independent Auditor's Report of the Summit County Educational Service Center, Summit County, prepared by Lennon & Company, for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

January 14, 2002

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Summit County
Educational Service Center

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2001

PREPARED BY:
SONDRA E. CLEVINGER and
TREASURER'S OFFICE STAFF

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**Summit County Educational Service Center
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2001**

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Introductory Section

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December 14, 2001

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 (ESC) for the fiscal year ended June 30, 2001 is hereby submitted. This report, prepared by the Fiscal Office, includes financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the ESC for the 2000-2001 fiscal year.

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

This CAFR, which includes an opinion from Lennon & Company, CPA, conforms to generally accepted accounting principals as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the ESC's commitment to provide meaningful information to its stakeholders.

This CAFR is presented in four sections:

The Introductory Section, which is unaudited, this transmittal letter, a list of principal officials, the ESC's organization chart, and the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2000.

The Financial Section, includes the report of independent accountants, the general purpose financial statements and explanatory notes, and combining and individual fund financial statements of which the combining and individual fund financial statements are unaudited.

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

The Compliance Section, includes the auditor's report on the internal control over financial reporting and compliance with applicable laws and regulations. This section also includes all the reports and schedules required under the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations receiving federal awards.

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. Since 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, county offices of education would be known as "Educational Service Centers" governed by a "Governing Board" 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 service: 1) curriculum and instructional technology; 2) pupil personnel; 3) support/supplementary services; and 4) administration. Experience has proven that county-type school organizations of this nature can provide advantages of economy of scale without the disadvantages of "bigness".

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

Districts Served

The Summit County Educational Service Center serves a student population of approximately 52,000 in sixteen districts. The districts served are as follows:

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

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

The ESC 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 ESC.

Organization

The Board of Governors (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 policy and enters into contracts and may serve a judicial capacity to resolve disputes involving the organization. The Board appoints the Superintendent and the Treasurer. All other staff is recommended by the administration to the Board for approval. The Board meets monthly to conduct business.

The Superintendent is the Chief Executive Officer of the ESC and is responsible directly to the Board for all operations. The current superintendent is Patrick Corbett who has served in this position since February 2000. His current contract extends until August 2003.

The Treasurer is the chief fiscal officer of the ESC and is responsible directly to the Board for all financial operations and serves as Secretary to the Board. The current Treasurer is Sondra Clevenger who has served in this position since July 2000. Her current contract extends until the organizational meeting in January 2003.

SERVICES

Curriculum and Instructional Technology

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

With the support of the State Legislature, the ESC established an Instructional Technology Center in 1994 with the purpose of extending technology into all Summit County classrooms. The Instructional Technology Center has five major goals: 1) involving 200 teachers annually in an intensive 85-hour Technology Academy; 2) demonstrating and providing preview and evaluation services for hardware, software and instructional strategies using technology; 3) curriculum development projects integrating technology; 4) collaboration and dissemination of information on technology projects and training opportunities; and 5) providing electronic communication services, including Internet access, to Summit County educators.

The ESC, in collaboration with eighteen school districts, three universities and other public and parochial partners, was the recipient of a United States Department of Education "Technology Innovation Challenge Grant." The grant of \$6.8 million over five years (1995-2000) provided for curriculum and technology integration within the consortium. This program was entitled *The NEW³ Project*. An extension to finish the program was granted until December 2001. With the end of the program, we find that our partnership with the University of Akron has been strengthened. We will continue to provide leadership training through the University, and maintain a firm foundation in technology.

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

The ESC operates the state funded media library for Summit County. All schools, private and public, are able to borrow videotapes, CD-ROMS and laser discs for classroom use from this library of over 4,000 titles. There are no rental or delivery charges for the seven local and nine affiliate districts. All other users pay a modest rental fee and a delivery fee to cover the cost of postage. Teachers and administrators may call the office to reserve materials or access the MediaNet through the World Wide Web at <http://hcca0.hcca.ohio.gov>.

Pupil Personnel

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

Specialized staffing and other program services are available to school districts to assist them in providing the necessary support for special populations. These include Gifted and Talented Coordination, Special Education Supervision, Speech and Language Supervision, and Work/Study Coordination.

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

Support/Supplementary

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

Administrative

Of great benefit to the school districts is the ESC's cooperative and regional approach. Through this approach the ESC has the capacity to facilitate and manage projects in a manner that would not be otherwise possible. The 6.8 million dollar Technology Innovation Challenge Grant is an example of one major benefit of this approach. Some of the other vital benefits are the ESC's ability to: 1) serve as a neutral convener; 2) provide consortium/partnerships formation and facilitation; 3) provide fiscal agency for grants, projects and NEOnet (a data acquisition site for school districts) and 4) provide legislative workshops.

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

ECONOMIC CONDITION AND OUTLOOK

Summit County has been historically associated with the rubber industry. Although there has been a steady decrease in the number of hourly workers, this has been offset to a large degree by an increase in salaried workers in this industry. Goodyear Tire & Rubber is the largest employer in the county with a workforce of approximately 4,700.

The County is headquarters for four corporations with annual sales or revenues of more than one billion dollars each. These are Goodyear Tire & Rubber Company, Caliber Systems, Inc. (formerly Roadway services, Inc.), First Energy (Formerly Ohio Edison Company), and GenCorp (formally General Tire and Rubber Company).

Presuming all readers are familiar with the terrorist attacks of September 11, 2001, it is not completely clear what the total impact will be on our economy. Unemployment rates have climbed and stocks have had an overall decline since September 11th. The national economy is in recession. We are hopeful that these negative effects will subside and the economy will return to normal in the very near future. Recent history shows Summit County has fared favorably in unemployment rates compared to national and state rates. The unemployment rate in 1999 was at 4.0%, down from 4.4% the previous year. The State rate of 4.3% and the National rate of 4.4% were higher than that of our area for this same time period. The workforce is transitioning from manufacturing to service industries and this mirrors the national trend.

Nationally, the steel industry is taking a large hit. The Akron area is largely based in the rubber industry and will not be impacted as largely as an area that has an LTV plant.

The largest expansions or plant improvements in 1998 were Goodyear, \$25 million; GenCorp, \$20 million; Aircraft Braking Systems Corp., \$13 million; Novar Corp., \$7.5 million; Ferriot, Inc., \$6 million; and Atlas Steel Products, \$6million. The largest new plant in Summit County was United Tractor Company at \$7.2 million.

In summarizing the County's economic outlook, a continual recovery from the impact of September 11th and a period of stable economic growth is anticipated.

FINANCIAL INFORMATION

The ESC's accounting system is organized on a "fund" basis. Each fund and account group is a distinct, self-balancing accounting entity. Reports for general governmental operations and expendable trust funds are presented on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Reports of the ESC's proprietary operations are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.

Internal Controls

The management of the ESC is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the ESC are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (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 ESC 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 ESC and annual reviews by the ESC's independent auditors.

Budgetary Controls

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

General Governmental Functions

The general governmental funds encompass the General, Special Revenue, Capital Project and Expendable Trust Funds of the ESC.

The following schedule presents a summary of revenues for all governmental funds for fiscal year ended June 30, 2001, and the amount and percentage of increases (decreases) in relation to the 2000 fiscal year.

| <i>Revenue by Source</i> | <i>2000 Amount</i> | <i>2001 Amount</i> | <i>Percent of Total</i> | <i>Increase (Decrease)</i> | <i>Percent of Increase (Decrease)</i> |
|-------------------------------------|----------------------------|----------------------------|-------------------------|----------------------------|---------------------------------------|
| Intergovernmental | \$ 5,256,585 | \$ 3,847,665 | 45.03 % | \$ (1,408,920) | (26.80) % |
| Interest | 269,925 | 298,361 | 3.49 % | 28,436 | 10.53 % |
| Tuition | 345,943 | 306,903 | 3.59 % | (39,040) | (11.29) % |
| Services provided to other entities | 2,701,100 | 3,877,888 | 45.42 % | 1,176,788 | 43.57 % |
| Donations | 43,110 | 3,515 | .04 % | (39,595) | (91.84) % |
| Miscellaneous | 33,086 | 203,515 | 2.38 % | 170,429 | 515.11 % |
| Total | <u>\$ 8,649,749</u> | <u>\$ 8,537,847</u> | <u>100.00 %</u> | <u>\$ (111,902)</u> | <u>(1.29) %</u> |

The ESC experienced approximately a 27% decrease in intergovernmental revenue compared to fiscal year 2000. A major contributing factor to this variance was a decrease of \$1,227,730 in Federal Technology Innovation Challenge Grant money received. We are nearing the end of this program and therefore the annual contributions are expected to decrease. There was also a decrease of approximately \$200,000 in state subsidies.

Interest rates during the year have been relatively stable with little increase in certificate of deposit rates. An overnight sweep account in repurchase agreements enabled the ESC to maximize interest earnings.

The increase in customer service revenue is partially attributable to an increase in the number of service contracts made by the ESC with other districts.

The increase in miscellaneous receipts reflects the creation of an Autism Consortium. For fiscal year 2001 the primarily contributor was Cuyahoga Falls City Schools.

The following schedule represents a summary of expenditures for all general governmental funds for the fiscal year ended June 30, 2001, and the amount and percentage of increases (decreases) in relation to the 2000 fiscal year.

| <i>Expenditure by Function</i> | <i>2000 Amount</i> | <i>2001 Amount</i> | <i>Percent of Total</i> | <i>Increase (Decrease)</i> | <i>Percent of Increase (Decrease)</i> |
|------------------------------------|------------------------|------------------------|-----------------------------|--------------------------------|---|
| Regular Instruction | \$ 80,920 | \$ 35,611 | .50 % | \$ (45,309) | (55.99) % |
| Special Instruction | 1,471,551 | 1,684,129 | 23.54 % | 212,578 | 14.44 % |
| Vocational Instruction | 362,991 | 185,644 | 2.60 % | (177,347) | (48.85) % |
| Pupil Support | 1,583,520 | 1,879,575 | 26.27 % | 296,055 | 18.69 % |
| Instructional Staff | 3,272,104 | 2,049,960 | 28.65 % | (1,222,144) | (37.35) % |
| Board of Education | 24,080 | 23,068 | .32 % | (1,012) | (4.20) % |
| Administration | 441,680 | 554,911 | 7.76 % | 113,231 | 25.63 % |
| Fiscal | 219,127 | 218,938 | 3.06 % | (189) | (.08) % |
| Business | 65,241 | 53,732 | .75 % | (11,509) | (17.64) % |
| Plant Operations | 1,305,568 | 115,575 | 1.62 % | (1,189,993) | (91.14) % |
| Pupil Transportation | 23,049 | 11,189 | .16 % | (11,860) | (51.45) % |
| Central | 253,313 | 328,806 | 4.60 % | 75,493 | 29.80 % |
| Non-instruction Svcs. | 2,175 | 0 | 0 % | (2,175) | (100.00) % |
| Extracurricular | 852 | 2,311 | .03 % | 1,459 | 171.24 % |
| Capital Outlay | 1,110 | 2,327 | .03 % | 1,217 | 109.63 % |
| Debt Service: | | | | | |
| Principal Retirement | 29,349 | 6,694 | .09 | (22,655) | (77.19) |
| Interest | 1,217 | 1,429 | .02 | 212 | 17.41 |
| Total | <u>\$ 9,137,847</u> | <u>\$ 7,153,899</u> | <u>100.00 %</u> | <u>\$ (1,983,948)</u> | <u>(21.71) %</u> |

The ESC will hire personnel on behalf of our participating districts. This decrease was due to the fact that a district no longer required the employment of the person involved in regular instruction.

Special Instruction increased by 14.44% due to increases in salaries and benefits.

The bulk of vocational education expenditures come from the Federal Technology Innovation Challenge Grant referred to above. As stated previously, federal funding for this program has decreased and, subsequently, expenditures have decreased as well. There were fewer certified staff and student workers involved in the technical work experience part of the program.

Pupil Support services increased 18.69% due to an increase in demand for Psychological services provided by the ESC. An additional psychologist was hired, resulting in increased salaries and benefits.

The decrease in Instructional Staff of 37.35% is due to the phase out of the challenge grant. Instruction and Vocational Instructional staff was cut back to compensate for the ending of this program.

Plant operations had a dramatic decrease of 91.14%. This is due to the fact that a state sponsored program, called the Hazardous Waste Removal Program, came to an end accounting for most of the decrease.

Significant activity in the major funds and account groups is highlighted below.

General Fund

The ESC ended the 2000-2001 fiscal year with a General Fund unencumbered cash balance of \$3,380,809.

Special Revenue Funds

The Special Revenue Funds account for revenue derived primarily from grants and entitlements restricted by law, or other formal actions, to expenditures for specific purposes. For the fiscal year ended June 30, 2001, Special Revenue Funds had combined revenues of \$1,183,805 and expenditures of \$1,343,718. Carry-over funds of \$183,722 from fiscal year 2000 contributed to the additional funds available for expenditure in fiscal year 2001.

Capital Projects Funds

The Capital Project Fund is used to account for all transactions related to acquiring, constructing, or improving capital assets. During the year, \$111,490 was expended.

Internal Service Funds

The Internal Service Fund accounted for by the ESC in 2000-2001 was the Rotary fund. During the fiscal year 2001, the Rotary fund showed an operating income of \$571.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the ESC in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust and agency funds.

General Fixed Assets

The General Fixed Assets of the ESC are used to carry on the main functions of the ESC and as such are not financial resources available for expenditure. Total General Fixed Assets at June 30, 2001 was \$982,629. These assets are accounted for at historical cost. Depreciation is not recognized on General Fixed Assets.

Cash Management

The ESC's approach to the cash management program has been more aggressive during 2000-2001 with the use of certificates of deposit. Due to an increase in cash reserves, a program of laddering certificates of deposit was maintained. Certificates are purchased to establish an amount due monthly, and by investing for approximately 180 days, this is able to be achieved. This is designed to provide liquidity needed and hedging against market rate fluctuations. Total amount of interest earned was \$298,361.

Protection of the ESC's cash and investments is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. As required under Ohio law, pooled securities have been pledged in an amount equal to 110% of the total deposits to secure the repayment of all public moneys deposited in a financial institution. A detailed description of the ESC's investment functions is described in Note 4 to the financial statements.

Risk Management

The ESC maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for general liability, commercial equipment loss, and vehicle liability are purchased from insurance companies licensed to do business in the State of Ohio. The County leases the building and maintains liability and loss insurance for it.

The ESC offers health and dental insurance benefits to full time employees. The ESC pays 80% of the cost of insurance coverage. Dental insurance is also offered to full time employees with the ESC paying 80% of the rate. The ESC belongs to the Stark County Council of Governments (COG) health plan. The COG holds the assets of the plan. The ESC pays a monthly premium to the plan and shares in ownership. The plan is fully funded and the Center is not at risk.

All employees of the ESC are covered by worker's compensation. Effective January 1, 1995, the ESC joined a group-rating program through the Ohio School Board Association in an effort to control these costs. Over 436 school districts in Ohio are participating members.

Pension Plans

All ESC employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The ESC's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the ESC to pay the employer share as determined by each retirement system, currently fourteen percent. ESC contributions for 2001 were \$414,187 as the employer portion to STRS and \$259,141 in employer contributions to SERS.

OTHER INFORMATION

Independent Audit

Provisions of State statute require the ESC's financial statements to be subjected to an annual examination by an independent auditor. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133. Lennon & Company Inc. performed the audit for the period ended June 30, 2001. The auditor's unqualified opinion rendered on the ESC's general purpose financial statements, and their report on the combining and individual fund statements and schedules, is included in the financial section of this Comprehensive Annual Financial Report.

GFOA Certificate of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the ESC for its CAFR for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for 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, whose contents 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 standard required by the Certificate of Achievement program.

Acknowledgments

Publication of this report significantly increases the accountability of the ESC to the taxpayers. Without the support and efforts of the Treasurer's office and various administrators and staff of the ESC, this accomplishment would not have been possible.

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

Respectfully Submitted,



Patrick Corbett
Superintendent



Sondra Clevenger
Chief Fiscal Officer

Summit County Educational Service Center
Public Officials Roster
Year Ended June 30, 2001

Board of Education

| | |
|---------------------|----------------|
| Mrs. Bonnie Bowman | President |
| Ms. Jennifer Troyer | Vice President |
| Mrs. Karla Beech | Member |
| Mrs. Bonnie Bowman | Member |
| Mr. Ray Weber | Member |

Chief Fiscal Officer

Mrs. Sondra Clevenger

Administration

| | |
|-------------------------|--|
| Mr. Patrick Corbett | Superintendent |
| Ms. Michelle Gaski | Director of Curriculum & Instructional Technology |
| Mrs. Kimberly Monachino | Director of Pupil Personnel Services |

Summit County Educational Service Center
Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Summit County Educational
Service Center, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

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



Timothy A. Howe
President

Jeffrey L. Esser
Executive Director

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

Members of Governing Board
Summit County Educational Service Center
Cuyahoga Falls, Ohio 44221

We have audited the accompanying general purpose financial statements of Summit County Educational Service Center, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of Summit County Educational Service Center's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Summit County Educational Service Center, as of June 30, 2001, and the results of its operations and the cash flows of its internal service fund for the year then ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2001 on our consideration of Summit County Educational Service Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Summit County Educational Service Center, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Summit County Educational Service Center. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Summit County Educational Service Center. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and therefore we express no opinion thereon.



LENNON & COMPANY
Certified Public Accountant
December 14, 2001

General Purpose Financial Statements

Summit County Educational Service Center
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

| | Governmental Fund Types | | |
|---|-------------------------|-------------------|------------------|
| | General | Special Revenue | Capital Projects |
| <u>Assets and other debits:</u> | | | |
| <u>Assets:</u> | | | |
| Equity in pooled cash and cash equivalents | \$ 3,052,181 | \$ 157,506 | \$ - |
| Receivables: | | | |
| Accounts | 3,839 | - | - |
| Intergovernmental | 996,487 | 70,246 | - |
| Accrued interest | 1,381 | - | - |
| Interfund receivable | 189,575 | - | - |
| Prepaid items | 2,047 | - | - |
| Materials and supplies inventory | 4,921 | - | - |
| Equity in pooled cash and cash equivalents (restricted) | 398,863 | - | - |
| Fixed assets (net, where applicable, of accumulated depreciation) | - | - | - |
| <u>Other debits:</u> | | | |
| Amount to be provided from general government resources | - | - | - |
| Total assets and other debits | <u>\$ 4,649,294</u> | <u>\$ 227,752</u> | <u>\$ -</u> |
| <u>Liabilities, fund equity and other credits:</u> | | | |
| <u>Liabilities:</u> | | | |
| Accounts payable | \$ 10,589 | \$ 937 | \$ - |
| Accrued wages | 382,863 | 4,191 | - |
| Compensated absences payable | 17,502 | - | - |
| Interfund payable | - | 156,947 | - |
| Intergovernmental payable | 472,609 | 16,648 | - |
| Deferred revenue | 147,857 | 25,220 | - |
| Undistributed monies | - | - | - |
| Capital leases payable | - | - | - |
| Total liabilities | <u>1,031,420</u> | <u>203,943</u> | <u>-</u> |
| <u>Fund equity and other credits:</u> | | | |
| Investment in general fixed assets | - | - | - |
| Retained earnings: | | | |
| Unreserved | - | - | - |
| Fund balance: | | | |
| Reserved for encumbrances | 55,461 | 137,440 | - |
| Reserved for inventory | 4,921 | - | - |
| Reserved for prepaid items | 2,047 | - | - |
| Reserved for budget stabilization | 148,863 | - | - |
| Reserved for contingencies | 250,000 | - | - |
| Unreserved: | | | |
| Undesignated | 3,156,582 | (113,631) | - |
| Total fund equity and other credits | <u>3,617,874</u> | <u>23,809</u> | <u>-</u> |
| Total liabilities, fund equity and other credits | <u>\$ 4,649,294</u> | <u>\$ 227,752</u> | <u>\$ -</u> |

See accompanying notes to the general purpose financial statements.

| Proprietary Fund Type | Fiduciary Fund Types | Account Groups | | Totals (Memorandum Only) |
|--------------------------|-------------------------|----------------------------|-------------------------------------|--------------------------------|
| | | General Fixed Assets | General Long-Term Obligations | |
| Internal Service | Trust and Agency | | | |
| \$ 99,831 | \$ 2,003,070 | \$ - | \$ - | \$ 5,312,588 |
| - | 37,723 | - | - | 41,562 |
| - | 27,297 | - | - | 1,094,030 |
| - | - | - | - | 1,381 |
| - | - | - | - | 189,575 |
| - | - | - | - | 2,047 |
| - | - | - | - | 4,921 |
| - | - | - | - | 398,863 |
| - | - | 982,629 | - | 982,629 |
| - | - | - | 282,947 | 282,947 |
| <u>\$ 99,831</u> | <u>\$ 2,068,090</u> | <u>\$ 982,629</u> | <u>\$ 282,947</u> | <u>\$ 8,310,543</u> |

| | | | | |
|------------------|---------------------|-------------------|-------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 11,526 |
| - | 19,244 | - | - | 406,298 |
| - | 6,919 | - | 227,064 | 251,485 |
| - | 32,628 | - | - | 189,575 |
| - | 22,092 | - | 14,002 | 525,351 |
| - | 30,000 | - | - | 203,077 |
| - | 1,650,027 | - | - | 1,650,027 |
| - | - | - | 41,881 | 41,881 |
| - | <u>1,760,910</u> | - | <u>282,947</u> | <u>3,279,220</u> |
| - | - | 982,629 | - | 982,629 |
| 96,847 | - | - | - | 96,847 |
| - | 77,478 | - | - | 270,379 |
| - | - | - | - | 4,921 |
| - | - | - | - | 2,047 |
| - | - | - | - | 148,863 |
| - | - | - | - | 250,000 |
| <u>2,984</u> | <u>229,702</u> | <u>-</u> | <u>-</u> | <u>3,275,637</u> |
| <u>99,831</u> | <u>307,180</u> | <u>982,629</u> | <u>-</u> | <u>5,031,323</u> |
| <u>\$ 99,831</u> | <u>\$ 2,068,090</u> | <u>\$ 982,629</u> | <u>\$ 282,947</u> | <u>\$ 8,310,543</u> |

Summit County Educational Service Center
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001

| | Governmental Fund Types | | |
|--|-------------------------|------------------|------------------|
| | General | Special Revenue | Capital Projects |
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 2,663,860 | \$ 1,183,805 | \$ - |
| Interest | 298,361 | - | - |
| Tuition and fees | 306,903 | - | - |
| Gifts and donations | - | - | - |
| Customer services | 3,877,888 | - | - |
| Miscellaneous | 52,878 | - | - |
| Total revenues | <u>7,199,890</u> | <u>1,183,805</u> | <u>-</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 16,021 | 19,590 | - |
| Special | 1,399,663 | 238,830 | - |
| Vocational | 169,139 | 12,925 | - |
| Support services: | | | |
| Pupils | 1,576,305 | 302,823 | - |
| Instructional staff | 1,306,317 | 595,267 | 111,490 |
| Board of education | 23,068 | - | - |
| Administration | 477,910 | - | - |
| Fiscal | 216,938 | - | - |
| Business | 53,732 | - | - |
| Operation and maintenance of plant | 104,033 | 10,461 | - |
| Pupil transportation | - | 11,189 | - |
| Central | 170,265 | 152,633 | - |
| Extracurricular activities | - | - | - |
| Capital outlay | 2,327 | - | - |
| Debt service: | | | |
| Principal retirement | 6,694 | - | - |
| Interest and fiscal charges | 1,429 | - | - |
| Total expenditures | <u>5,523,841</u> | <u>1,343,718</u> | <u>111,490</u> |
| Excess of revenues over (under) expenditures | <u>1,676,049</u> | <u>(159,913)</u> | <u>(111,490)</u> |
| <u>Other financing sources:</u> | | | |
| Inception of capital lease | 35,000 | - | - |
| Excess of revenues and other financing sources over (under) expenditures | 1,711,049 | (159,913) | (111,490) |
| Fund balances at beginning of year | 1,907,785 | 183,722 | 111,490 |
| Decrease in reserve for inventory | (960) | - | - |
| Fund balances at end of year | <u>\$ 3,617,874</u> | <u>\$ 23,809</u> | <u>\$ -</u> |

See accompanying notes to the general purpose financial statements.

| Fiduciary Fund Type | Totals (Memorandum Only) |
|------------------------|--------------------------------|
| Expendable Trust | |
| \$ - | \$ 3,847,665 |
| - | 298,361 |
| - | 306,903 |
| 3,515 | 3,515 |
| - | 3,877,888 |
| 150,637 | 203,515 |
| <u>154,152</u> | <u>8,537,847</u> |
| - | 35,611 |
| 45,636 | 1,684,129 |
| 3,580 | 185,644 |
| 447 | 1,879,575 |
| 36,886 | 2,049,960 |
| - | 23,068 |
| 77,001 | 554,911 |
| 2,000 | 218,938 |
| - | 53,732 |
| 1,081 | 115,575 |
| - | 11,189 |
| 5,908 | 328,806 |
| 2,311 | 2,311 |
| - | 2,327 |
| - | 6,694 |
| - | 1,429 |
| <u>174,850</u> | <u>7,153,899</u> |
| <u>(20,698)</u> | <u>1,383,948</u> |
| - | 35,000 |
| (20,698) | 1,418,948 |
| 327,878 | 2,530,875 |
| - | (960) |
| <u>\$ 307,180</u> | <u>\$ 3,948,863</u> |

**Summit County Educational Service Center
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances - Budget and Actual
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001**

| | Governmental Fund Types | | |
|---|-------------------------|------------------------|--|
| | Revised Budget | General Fund Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | |
| Intergovernmental | \$ 2,663,860 | \$ 2,663,860 | \$ - |
| Interest | 344,935 | 344,935 | - |
| Tuition and fees | 340,104 | 340,104 | - |
| Gifts and donations | - | - | - |
| Customer services | 2,871,599 | 2,790,666 | (80,933) |
| Miscellaneous | 51,633 | 51,594 | (39) |
| Total revenues | <u>6,272,131</u> | <u>6,191,159</u> | <u>(80,972)</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 16,021 | 16,021 | - |
| Special | 1,364,565 | 1,364,565 | - |
| Vocational | 152,853 | 152,853 | - |
| Support services: | | | |
| Pupils | 1,557,417 | 1,557,417 | - |
| Instructional staff | 1,299,948 | 1,299,948 | - |
| Board of education | 26,844 | 26,844 | - |
| Administration | 477,082 | 477,082 | - |
| Fiscal | 215,450 | 215,450 | - |
| Business | 58,771 | 58,771 | - |
| Operation and maintenance of plant | 87,572 | 87,572 | - |
| Pupil transportation | - | - | - |
| Central | 170,313 | 170,313 | - |
| Extracurricular activities | - | - | - |
| Capital outlay | 2,327 | 2,327 | - |
| Total expenditures | <u>5,429,163</u> | <u>5,429,163</u> | <u>-</u> |
| Excess of revenues over (under) expenditures | <u>842,968</u> | <u>761,996</u> | <u>(80,972)</u> |
| Other financing sources (uses): | | | |
| Advances in | 321,606 | 321,606 | - |
| Advances out | (189,576) | (189,576) | - |
| Total other financing sources (uses) | <u>132,030</u> | <u>132,030</u> | <u>-</u> |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | 974,998 | 894,026 | (80,972) |
| Fund balances at beginning of year | 2,405,806 | 2,405,806 | - |
| Prior year encumbrances appropriated | 80,977 | 80,977 | - |
| Fund balances at end of year | <u>\$ 3,461,781</u> | <u>\$ 3,380,809</u> | <u>\$ (80,972)</u> |

See accompanying notes to the general purpose financial statements.

Governmental Fund Types

| Special Revenue Funds | | | Capital Projects Funds | | |
|-----------------------|------------------|--|------------------------|------------------|--|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$ 1,595,251 | \$ 1,192,114 | \$ (403,137) | \$ 27,547 | \$ - | \$ (27,547) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>1,595,251</u> | <u>1,192,114</u> | <u>(403,137)</u> | <u>27,547</u> | <u>-</u> | <u>(27,547)</u> |
| 23,024 | 23,024 | - | - | - | - |
| 261,693 | 261,693 | - | - | - | - |
| 12,944 | 12,944 | - | - | - | - |
| 360,901 | 360,901 | - | - | - | - |
| 623,585 | 623,585 | - | 126,370 | 126,370 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 12,994 | 12,994 | - | - | - | - |
| 11,189 | 11,189 | - | - | - | - |
| 218,380 | 218,380 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>1,524,710</u> | <u>1,524,710</u> | <u>-</u> | <u>126,370</u> | <u>126,370</u> | <u>-</u> |
| <u>70,541</u> | <u>(332,596)</u> | <u>(403,137)</u> | <u>(98,823)</u> | <u>(126,370)</u> | <u>(27,547)</u> |
| 156,948 | 156,948 | - | - | - | - |
| <u>(321,606)</u> | <u>(321,606)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(164,658)</u> | <u>(164,658)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (94,117) | (497,254) | (403,137) | (98,823) | (126,370) | (27,547) |
| 112,473 | 112,473 | - | 98,823 | 98,823 | - |
| 403,140 | 403,140 | - | 27,547 | 27,547 | - |
| <u>\$ 421,496</u> | <u>\$ 18,359</u> | <u>\$ (403,137)</u> | <u>\$ 27,547</u> | <u>\$ -</u> | <u>\$ (27,547)</u> |

(Continued)

Summit County Educational Service Center
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
All Governmental Fund Types and Expendable Trust Fund (Continued)
For the Fiscal Year Ended June 30, 2001

| | Fiduciary Fund Type | | |
|---|-----------------------|-------------------|--|
| | Expendable Trust Fund | | |
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 2,500 | \$ 2,500 | \$ - |
| Interest | - | - | - |
| Tuition and fees | - | - | - |
| Gifts and donations | 3,515 | 3,515 | - |
| Customer services | 157,415 | 151,347 | (6,068) |
| Miscellaneous | - | - | - |
| Total revenues | <u>163,430</u> | <u>157,362</u> | <u>(6,068)</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | - | - | - |
| Special | 45,467 | 45,467 | - |
| Vocational | 10,290 | 10,290 | - |
| Support services: | | | |
| Pupils | 2,358 | 2,358 | - |
| Instructional staff | 81,372 | 81,372 | - |
| Board of education | - | - | - |
| Administration | 135,995 | 135,995 | - |
| Fiscal | 2,000 | 2,000 | - |
| Business | - | - | - |
| Operation and maintenance of plant | 1,081 | 1,081 | - |
| Pupil transportation | - | - | - |
| Central | 6,399 | 6,399 | - |
| Extracurricular activities | 2,311 | 2,311 | - |
| Capital outlay | - | - | - |
| Total expenditures | <u>287,273</u> | <u>287,273</u> | <u>-</u> |
| Excess of revenues over (under) expenditures | <u>(123,843)</u> | <u>(129,911)</u> | <u>(6,068)</u> |
| <u>Other financing sources (uses):</u> | | | |
| Advances in | 32,628 | 32,628 | - |
| Advances out | - | - | - |
| Total other financing sources (uses) | <u>32,628</u> | <u>32,628</u> | <u>-</u> |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | (91,215) | (97,283) | (6,068) |
| Fund balances at beginning of year | 355,842 | 355,842 | - |
| Prior year encumbrances appropriated | 6,073 | 6,073 | - |
| Fund balances at end of year | <u>\$ 270,700</u> | <u>\$ 264,632</u> | <u>\$ (6,068)</u> |

See accompanying notes to the general purpose financial statements.

Totals (Memorandum Only)

| Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------|---------------------|--|
| \$ 4,289,158 | \$ 3,858,474 | \$ (430,684) |
| 344,935 | 344,935 | - |
| 340,104 | 340,104 | - |
| 3,515 | 3,515 | - |
| 3,029,014 | 2,942,013 | (87,001) |
| 51,633 | 51,594 | (39) |
| <u>8,058,359</u> | <u>7,540,635</u> | <u>(517,724)</u> |
| 39,045 | 39,045 | - |
| 1,671,725 | 1,671,725 | - |
| 176,087 | 176,087 | - |
| 1,920,676 | 1,920,676 | - |
| 2,131,275 | 2,131,275 | - |
| 26,844 | 26,844 | - |
| 613,077 | 613,077 | - |
| 217,450 | 217,450 | - |
| 58,771 | 58,771 | - |
| 101,647 | 101,647 | - |
| 11,189 | 11,189 | - |
| 395,092 | 395,092 | - |
| 2,311 | 2,311 | - |
| 2,327 | 2,327 | - |
| <u>7,367,516</u> | <u>7,367,516</u> | <u>-</u> |
| <u>690,843</u> | <u>173,119</u> | <u>(517,724)</u> |
| 511,182 | 511,182 | - |
| <u>(511,182)</u> | <u>(511,182)</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> |
| 690,843 | 173,119 | (517,724) |
| 2,972,944 | 2,972,944 | - |
| 517,737 | 517,737 | - |
| <u>\$ 4,181,524</u> | <u>\$ 3,663,800</u> | <u>\$ (517,724)</u> |

Summit County Educational Service Center
Combined Statement of Revenues,
Expenses and Changes in Retained Earnings
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001

| | Internal Service |
|--|---------------------|
| <u>Operating revenues:</u> | |
| Charges for services | \$ 54,088 |
| <u>Operating expenses:</u> | |
| Purchased services | 26,140 |
| Materials and supplies | 27,377 |
| Total operating expenses | 53,517 |
| Operating income | 571 |
| Retained earnings at beginning of year | 99,260 |
| Retained earnings at end of year | \$ 99,831 |

See accompanying notes to the general purpose financial statements.

Summit County Educational Service Center
Combined Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001

| | Internal Service |
|--|-------------------------|
| <u>Cash flows from operating activities:</u> | |
| Cash received from customers | \$ 54,633 |
| Cash payments to suppliers for goods and services | (53,977) |
| Net cash provided by operating activities | <u>656</u> |
| Net increase in cash and cash equivalents | 656 |
| Cash and cash equivalents at beginning of year | <u>99,175</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 99,831</u></u> |
| Reconciliation of operating income to net cash <u>provided by operating activities:</u> | |
| Operating income | <u>\$ 571</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Change in assets and liabilities: | |
| (Increase) decrease in assets: | |
| Accounts receivable | 545 |
| Increase (decrease) in liabilities: | |
| Accounts payable | <u>(460)</u> |
| Total adjustments | <u>85</u> |
| Net cash provided by operating activities | <u><u>\$ 656</u></u> |

See accompanying notes to the general purpose financial statements.

Summit County Educational Service Center

NOTE 1 - DESCRIPTION OF THE SERVICE CENTER

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

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

Average daily membership (ADM) for the area school districts served by the Service Center as of October 1, 2001 was 52,182. The Service Center employed 77 certificated employees and 80 non-certificated employees at that date.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Service Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. The Service Center also applies Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. For the fiscal year, the School District has implemented GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36 "Recipient Reporting for Certain Shared Nonexchange Revenues". The Service Center's significant accounting policies are described below.

A. 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 organizations' resources; the Service Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Service Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Service Center in that the Service Center approves the budget, the issuance of debt or the levying of taxes. The Service Center does not have any component units.

The Service Center is associated with the Northeast Ohio Network for Educational Technology, which is defined as a jointly governed organization. Representatives from each of the governments that create the organization govern jointly governed organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding this organization is presented in Note 13.

Notes to the General Purpose Financial Statements

B. Basis of Presentation - Fund Accounting

The Service Center uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial 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 recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the Service Center are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the Service Center are financed. The acquisition, use, and balances of the Service Center's expendable financial resources and the related current liabilities (except those accounted for in the proprietary fund) are accounted for through governmental funds. The following are the Service Center's governmental fund types:

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.

Special Revenue Funds – The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Capital Project Fund – The capital project fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary fund).

Proprietary Fund Type:

Proprietary funds are used to account for the Service Center's ongoing activities that are similar to those found in the private sector. The following is the Service Center's proprietary fund type:

Internal Service Fund – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Service Center on a cost reimbursement basis.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the Service Center in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Summit County Educational Service Center

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group – This account group is established to account for all fixed assets of the Service Center, other than those accounted for in the proprietary fund.

General Long-Term Obligations Account Group – This account group is established to account for all long-term obligations of the Service Center, except those accounted for in the proprietary fund.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The proprietary operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

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. 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, grants, student fees and rentals.

Notes to the General Purpose Financial Statements

The Service Center reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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. Principal and interest on general long-term obligations are recorded as fund liabilities when due and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized at the time they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year-end.

D. Budgetary Data

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

Appropriations:

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

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

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Summit County Educational Service Center

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

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, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through Service Center records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents" on the combined balance sheet. 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.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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 considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. During the fiscal year all investments of the Service Center had maturity of three months or less.

F. Inventory

Inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures when purchased. Reported materials and supplies inventory are equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Service Center maintains a capitalization threshold of \$1,000. Books, records, movies and other learning aids kept at the Service Center's library are not included for reporting purposes. The Service Center does not possess any infrastructure. 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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Assets in the general fixed assets account group are not depreciated. The Service Center's policy is not to capitalize interest costs associated with construction.

Notes to the General Purpose Financial Statements

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for budget stabilization and contingencies.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and all other grant requirements have been met. The Service Center currently participates in several State and Federal programs. Management has determined the following programs as material:

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Excellence in Education

Data Training Instruction Grant

EHA Preschool Grants for the Handicapped

Public School Preschool

Federal Challenge Grant

Capital Projects

SchoolNet Telecommunity

Reimbursable Grants

Special Revenue Funds

Even Start Grant

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items.

K. Short-term Interfund Assets/Liabilities

Short-term interfund loans are classified as “interfund receivables” and “interfund payables”.

Summit County Educational Service Center

L. 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. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on Service Center employees who are considered eligible or potentially eligible to retire. The Service Center records a liability for accumulated unused vacation time earned for all employees with more than one year of service.

Accumulated vacation and sick leave of employees paid from governmental funds has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the general long-term obligations account group.

M. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds and capital leases are reported as a liability of the general long-term obligations account group until due.

Long-term obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Fund Balance Reserves

The Service Center records reservations for portions of fund equity that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, prepaid items, budget stabilization, and contingencies. A reserve was established by Board Resolution No. 99-33 to account for monies held for contingencies.

Notes to the General Purpose Financial Statements

P. Estimates

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

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned “Total - (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the Service Center is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

| | <i>Excess of Revenues and Other Financing Sources Over (Under)</i> | | | |
|------------------------------------|--|----------------------------|-----------------------------|-----------------------------|
| | <i>Expenditures and Other Financing Uses</i> | | | |
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Expendable Trust</u> |
| <i>GAAP Basis</i> | \$ 1,711,049 | \$ (159,913) | \$ (111,490) | \$ (20,698) |
| <i>Revenue accruals</i> | (722,125) | 165,257 | - | 35,838 |
| <i>Expenditure accruals</i> | (24,660) | (363,449) | (14,880) | (31,570) |
| <i>Encumbrances (Budget Basis)</i> | | | | |
| <i>Outstanding at year end</i> | <u>(70,238)</u> | <u>(139,149)</u> | <u>-</u> | <u>(80,853)</u> |
| <i>Budget Basis</i> | <u>\$ 894,026</u> | <u>\$ (497,254)</u> | <u>\$ (126,370)</u> | <u>\$ (97,283)</u> |

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NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Service Center into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Service Center Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

1. United States treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of settlement;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Protection of the Service Center's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Notes to the General Purpose Financial Statements

Deposits:

At year-end, the carrying amount of the Service Center's deposits was \$1,356,451, and the bank balance was \$1,512,861. Of the bank balance, \$112,861 was covered by federal depository insurance. \$1,400,000 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Service Center's name.

Investments:

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

Interest is legally required to be placed in the general fund. Interest revenue credited to the general fund during the fiscal year 2001 amounted to \$298,361, which includes \$142,332, assigned from other Service Center funds.

The Service Center's investment at year end consisted of overnight repurchase agreement. It is a Category 3 investment, with a fair value of \$4,355,000.

NOTE 5 - RECEIVABLES

Receivables at year-end consisted of accounts, interfund and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the stable condition of State programs, and the current year guarantee of federal funds. The general, special revenue, and agency fund's intergovernmental receivable at June 30, consisted of \$996,487, \$70,246, and \$27,297 respectively.

NOTE 6 - FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 2001 follows:

| | <i>Balance</i> <i>July 1</i> | <i>Additions</i> | <i>Deletions</i> | <i>Balance</i> <i>June 30</i> |
|--------------------------------|---------------------------------|------------------|--------------------|----------------------------------|
| <i>Furniture and Equipment</i> | \$ 894,155 | \$ 83,232 | \$ (12,965) | \$ 964,422 |
| <i>Vehicles</i> | 14,707 | 3,500 | - | 18,207 |
| <i>Total</i> | <u>\$ 908,862</u> | <u>\$ 86,732</u> | <u>\$ (12,965)</u> | <u>\$ 982,629</u> |

Summit County Educational Service Center

NOTE 7 - RISK MANAGEMENT

The Service Center is exposed to various risks of loss related to torts; theft or 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 nor has insurance coverage been significantly reduced in the past three years.

The Service Center is a participant in the Stark County Schools Council ("Council") for the purpose of obtaining benefits at a reduced premium for health care. The insurance program for health care is administered by Mutual Health Services Company and the Aultcare Corporation. 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.

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Service Center contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute nine percent of their annual covered salary and the Service Center is required to contribute an actuarially determined rate of fourteen percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to the statutory maximum amounts, by the SERS Retirement Board. The Service Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$259,141, \$269,628, and \$203,289, respectively; seventy-five percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$64,157 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The Service Center contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Notes to the General Purpose Financial Statements

Plan members are required to contribute 9.3 percent of their annual covered salary and the Service Center is required to contribute an actuarially determined rate of fourteen percent of annual covered payroll. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of ten percent for members and fourteen percent for employers. The Service Center's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$414,187, \$383,418, and \$362,872, respectively; no contributions were made for fiscal year 2001 and 100 percent has been contributed for the fiscal years 2000 and 1999. \$414,187, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

NOTE 9 - POSTEMPLOYMENT BENEFITS

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

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently fourteen percent of covered payroll. The retirement board currently allocates employer contributions equal to eight percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the Service Center this amount equaled \$236,679 during the 2001 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$3.419 million at June 30, 2000, (latest information available). For the year ended June 30, 2000, the net health care costs paid by the STRS were \$283,137,000 and eligible benefit recipients totaled 99,011.

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of seventy-five percent of the premium. For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to fourteen percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the fourteen percent contribution rate, provides for maintenance of the asset target level for the health care fund. For the Service Center, the amount of employer contributions used to fund health care equaled \$170,412, which includes a surcharge of \$14,002 during the 2001 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000, (latest information available) were \$140,696,340 and the target level was \$211 million. At June 30, 2000, the SERS's net assets available for payment of health care benefits was \$252.3 million. The number of participants receiving health care benefits was approximately 50,000.

Summit County Educational Service Center

NOTE 10 - INTERFUND TRANSACTIONS

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

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---|-------------------|
| General | Special Trust expendable trust | \$ 32,628 |
| General | Miscellaneous Local Grant special revenue | 81,833 |
| General | EHA Preschool Grants special revenue | 6,873 |
| General | Miscellaneous Federal Grant special revenue | 68,241 |
| Total | | <u>\$ 189,575</u> |

NOTE 11 - LONG TERM OBLIGATIONS

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

| <u>General Long-Term Obligations</u> | <u>Balance</u> | | | <u>Balance</u> |
|--------------------------------------|-------------------|------------------|--------------------|-------------------|
| | <u>July 1</u> | <u>Additions</u> | <u>Deductions</u> | <u>June 30</u> |
| Compensated Absences | \$ 278,722 | \$ - | \$ (51,658) | \$ 227,064 |
| Employer Pension Obligations | 7,275 | 6,727 | - | 14,002 |
| Capital Leases | 13,575 | 35,000 | (6,694) | 41,881 |
| Total General Long-Term Obligations | <u>\$ 299,572</u> | <u>\$ 41,727</u> | <u>\$ (58,352)</u> | <u>\$ 282,947</u> |

NOTE 12 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The Service Center has entered into capitalized leases for the acquisition of van and computer and copier equipment. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the Combined Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the general fixed assets account group at \$132,071, equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

Principal payments in the current fiscal year totaled \$6,694. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments at year-end.

Notes to the General Purpose Financial Statements

| <u>Fiscal Year</u> | <u>Payments</u> |
|---|------------------|
| 2001 | \$ 13,577 |
| 2002 | 12,250 |
| 2003 | 8,211 |
| 2004 | 8,211 |
| 2005 | <u>5,474</u> |
| <i>Less: amount representing interest</i> | <u>(5,842)</u> |
| <i>Total</i> | <u>\$ 41,881</u> |

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

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

NOTE 14 - CONTINGENCIES

A. Grants:

The Service Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Service Center at year-end.

B. Other Contingencies:

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

1. A change in the school districts (including service centers) that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a timeline for distribution is not specified.
2. Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

Summit County Educational Service Center

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of October 19, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for consideration. The Court may re-examine and re-determine any issue upon such reconsideration.

As of the date of these financial statements, the Service Center is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE 15 – FUND DEFICITS

As of June 30, 2001, several funds had a deficit fund balance. These deficits were caused by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balance in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had deficits at year-end:

| | <u>Deficit</u> |
|---|----------------|
| <i>Miscellaneous Local Grants special revenue</i> | 35,411 |
| <i>Management Information Systems special revenue</i> | 31 |
| <i>EHA Preschool Grant special revenue</i> | 5,732 |
| <i>Miscellaneous Federal Grants special revenue</i> | 11,577 |

Combining, Individual Fund and
Account Group
Financial Statements and Schedules

GENERAL FUND

The General Fund is used to account for resources traditionally associated with the Service Center which are not required legally or by sound financial management to be accounted for in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities, and administration.

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------|-------------------|------------------|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 2,663,860 | \$ 2,663,860 | \$ - |
| Interest | 344,935 | 344,935 | - |
| Tuition and fees | 340,104 | 340,104 | - |
| Customer services | 2,871,599 | 2,790,666 | (80,933) |
| Miscellaneous | 51,633 | 51,594 | (39) |
| Total revenues | 6,272,131 | 6,191,159 | (80,972) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Regular: | | | |
| Purchased services | 16,021 | 16,021 | - |
| Special: | | | |
| Salaries and wages | 1,075,502 | 1,075,502 | - |
| Fringe benefits | 250,116 | 250,116 | - |
| Purchased services | 37,853 | 37,853 | - |
| Materials and supplies | 219 | 219 | - |
| Capital outlay - new | 875 | 875 | - |
| Total special | 1,364,565 | 1,364,565 | - |
| Vocational: | | | |
| Salaries and wages | 119,044 | 119,044 | - |
| Fringe benefits | 31,324 | 31,324 | - |
| Materials and supplies | 2,485 | 2,485 | - |
| Total vocational | 152,853 | 152,853 | - |
| Total instruction | 1,533,439 | 1,533,439 | - |
| Support services: | | | |
| Pupils: | | | |
| Salaries and wages | 1,015,045 | 1,015,045 | - |
| Fringe benefits | 220,219 | 220,219 | - |
| Purchased services | 301,243 | 301,243 | - |
| Materials and supplies | 20,910 | 20,910 | - |
| Total pupils | 1,557,417 | 1,557,417 | - |

(Continued)

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------|-------------------|------------------|--|
| Instructional staff: | | | |
| Salaries and wages | 883,004 | 883,004 | - |
| Fringe benefits | 179,582 | 179,582 | - |
| Purchased services | 182,425 | 182,425 | - |
| Materials and supplies | 46,120 | 46,120 | - |
| Capital outlay - new | 3,954 | 3,954 | - |
| Other | 4,863 | 4,863 | - |
| Total instructional staff | <u>1,299,948</u> | <u>1,299,948</u> | - |
| Board of education: | | | |
| Salaries and wages | 5,280 | 5,280 | - |
| Fringe benefits | 849 | 849 | - |
| Purchased services | 10,596 | 10,596 | - |
| Materials and supplies | 1,599 | 1,599 | - |
| Other | 8,520 | 8,520 | - |
| Total board of education | <u>26,844</u> | <u>26,844</u> | - |
| Administration: | | | |
| Salaries and wages | 224,076 | 224,076 | - |
| Fringe benefits | 59,157 | 59,157 | - |
| Purchased services | 189,198 | 189,198 | - |
| Materials and supplies | 1,172 | 1,172 | - |
| Capital outlay - new | 179 | 179 | - |
| Other | 3,300 | 3,300 | - |
| Total administration | <u>477,082</u> | <u>477,082</u> | - |
| Fiscal: | | | |
| Salaries and wages | 138,876 | 138,876 | - |
| Fringe benefits | 40,636 | 40,636 | - |
| Purchased services | 6,182 | 6,182 | - |
| Materials and supplies | 5,025 | 5,025 | - |
| Capital outlay - new | 395 | 395 | - |
| Other | 24,336 | 24,336 | - |
| Total fiscal | <u>215,450</u> | <u>215,450</u> | - |
| Business: | | | |
| Salaries and wages | 7,680 | 7,680 | - |
| Fringe benefits | 1,214 | 1,214 | - |
| Purchased services | 10,561 | 10,561 | - |
| Materials and supplies | 33,870 | 33,870 | - |
| Capital outlay - new | 5,386 | 5,386 | - |
| Other | 60 | 60 | - |
| Total business | <u>58,771</u> | <u>58,771</u> | - |

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|--------------|--|
| Operation and maintenance of plant: | | | |
| Purchased services | 71,963 | 71,963 | - |
| Materials and supplies | 2,392 | 2,392 | - |
| Capital outlay - new | 13,217 | 13,217 | - |
| Total operation and maintenance of plant | 87,572 | 87,572 | - |
| Central: | | | |
| Salaries and wages | 107,121 | 107,121 | - |
| Fringe benefits | 24,268 | 24,268 | - |
| Purchased services | 38,438 | 38,438 | - |
| Materials and supplies | 486 | 486 | - |
| Total central | 170,313 | 170,313 | - |
| Total support services | 3,893,397 | 3,893,397 | - |
| Capital outlay: | | | |
| Facilities acquisition and construction services: | | | |
| Site acquisition services: | | | |
| Capital outlay - new | 2,327 | 2,327 | - |
| Total expenditures | 5,429,163 | 5,429,163 | - |
| Excess of revenues over expenditures | 842,968 | 761,996 | (80,972) |
| <u>Other financing sources (uses):</u> | | | |
| Advances in | 321,606 | 321,606 | - |
| Advances out | (189,576) | (189,576) | - |
| Total other financing sources (uses) | 132,030 | 132,030 | - |
| Excess of revenues and other financing sources over expenditures and other financing uses | 974,998 | 894,026 | (80,972) |
| Fund balance at beginning of year | 2,405,806 | 2,405,806 | - |
| Prior year encumbrances appropriated | 80,977 | 80,977 | - |
| Fund balance at end of year | \$ 3,461,781 | \$ 3,380,809 | \$ (80,972) |

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. The special revenue funds are:

Miscellaneous Local Grants

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

Excellence in Education

To account for state revenues used for pupil competency assessment and instructional development in English Composition, Mathematics and Reading as required by the minimum standards for Ohio Schools.

Management Information Systems

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

Public School Preschool

To account for state monies used to assist the Service Center in paying the cost of preschool programs for three and four year olds.

SchoolNet Professional Development

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

Miscellaneous State Grants

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

Eisenhower

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

EHA Preschool Grant

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

Miscellaneous Federal Grants

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

Summit County Educational Service Center
Combining Balance Sheet
All Special Revenue Funds
June 30, 2001

| | Miscellaneous Local Grants | Excellence in Education | Management Information Systems | Public School Preschool |
|--|-------------------------------|----------------------------|--------------------------------------|----------------------------|
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 9,601 | \$ 2,183 | \$ - | \$ 61,285 |
| Receivables: | | | | |
| Intergovernmental | 45,026 | - | - | - |
| Total assets | <u>\$ 54,627</u> | <u>\$ 2,183</u> | <u>\$ -</u> | <u>\$ 61,285</u> |
| | | | | |
| <u>Liabilities and fund equity :</u> | | | | |
| <u>Liabilities:</u> | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Accrued wages | 4,191 | - | - | - |
| Interfund payable | 81,833 | - | - | - |
| Intergovernmental payable | 4,014 | 572 | 31 | 573 |
| Deferred revenue | - | - | - | - |
| Total liabilities | <u>90,038</u> | <u>572</u> | <u>31</u> | <u>573</u> |
| | | | | |
| <u>Fund equity:</u> | | | | |
| Fund balance: | | | | |
| Reserved for encumbrances | 9,601 | 2,183 | - | 53,708 |
| Unreserved, undesignated | (45,012) | (572) | (31) | 7,004 |
| Total fund equity | <u>(35,411)</u> | <u>1,611</u> | <u>(31)</u> | <u>60,712</u> |
| Total liabilities and fund equity | <u>\$ 54,627</u> | <u>\$ 2,183</u> | <u>\$ -</u> | <u>\$ 61,285</u> |

| SchoolNet Professional Development | Miscellaneous State Grants | Eisenhower | EHA Preschool Grant | Miscellaneous Federal Grants | Total All Funds |
|--|-------------------------------|------------------|------------------------|---------------------------------|--------------------|
| \$ 1,000 | \$ 1,051 | \$ 12,542 | \$ 1,495 | \$ 68,349 | \$ 157,506 |
| - | - | - | 25,220 | - | 70,246 |
| <u>\$ 1,000</u> | <u>\$ 1,051</u> | <u>\$ 12,542</u> | <u>\$ 26,715</u> | <u>\$ 68,349</u> | <u>\$ 227,752</u> |
| \$ - | \$ - | \$ - | \$ 251 | \$ 686 | \$ 937 |
| - | - | - | - | - | 4,191 |
| - | - | - | 6,873 | 68,241 | 156,947 |
| - | 356 | - | 103 | 10,999 | 16,648 |
| - | - | - | 25,220 | - | 25,220 |
| <u>-</u> | <u>356</u> | <u>-</u> | <u>32,447</u> | <u>79,926</u> | <u>203,943</u> |
| 1,000 | 1,053 | 1,759 | 1,153 | 66,983 | 137,440 |
| - | (358) | 10,783 | (6,885) | (78,560) | (113,631) |
| <u>1,000</u> | <u>695</u> | <u>12,542</u> | <u>(5,732)</u> | <u>(11,577)</u> | <u>23,809</u> |
| <u>\$ 1,000</u> | <u>\$ 1,051</u> | <u>\$ 12,542</u> | <u>\$ 26,715</u> | <u>\$ 68,349</u> | <u>\$ 227,752</u> |

Summit County Educational Service Center
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Special Revenue Funds
For the Fiscal Year Ended June 30, 2001

| | Miscellaneous Local Grants | Excellence in Education | Management Information Systems | Public School Preschool |
|--|-------------------------------|----------------------------|--------------------------------------|----------------------------|
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$ 42,526 | \$ 275,000 | \$ 3,000 | \$ 182,217 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | - | - | - | - |
| Special | 61,712 | - | - | 151,934 |
| Vocational | - | - | - | - |
| Support services: | | | | |
| Pupils | 24,457 | 272,817 | - | 50 |
| Instructional staff | 34,285 | 635 | - | - |
| Operation and maintenance of plant | - | - | - | - |
| Pupil transportation | - | - | - | 11,189 |
| Central | 10,800 | - | 3,015 | 1,000 |
| Total expenditures | 131,254 | 273,452 | 3,015 | 164,173 |
| Excess of revenues over (under) expenditures | (88,728) | 1,548 | (15) | 18,044 |
| Excess of revenues over (under) expenditures | (88,728) | 1,548 | (15) | 18,044 |
| Fund balances (deficit) at beginning of year | 53,317 | 63 | (16) | 42,668 |
| Fund balances (deficit) at end of year | \$ (35,411) | \$ 1,611 | \$ (31) | \$ 60,712 |

| <u>SchoolNet Professional Development</u> | <u>Miscellaneous State Grants</u> | <u>Eisenhower</u> | <u>EHA Preschool Grant</u> | <u>Miscellaneous Federal Grants</u> | <u>Total All Funds</u> |
|---|---------------------------------------|-------------------|--------------------------------|---|----------------------------|
| \$ 1,000 | \$ 56,239 | \$ 13,216 | \$ 24,106 | \$ 586,501 | \$ 1,183,805 |
| - | - | 19,590 | - | - | 19,590 |
| - | - | - | 25,184 | - | 238,830 |
| - | - | - | - | 12,925 | 12,925 |
| - | - | - | 5,499 | - | 302,823 |
| 2,000 | 57,260 | - | - | 501,087 | 595,267 |
| - | 10,461 | - | - | - | 10,461 |
| - | - | - | - | - | 11,189 |
| - | 1,625 | - | - | 136,193 | 152,633 |
| <u>2,000</u> | <u>69,346</u> | <u>19,590</u> | <u>30,683</u> | <u>650,205</u> | <u>1,343,718</u> |
| <u>(1,000)</u> | <u>(13,107)</u> | <u>(6,374)</u> | <u>(6,577)</u> | <u>(63,704)</u> | <u>(159,913)</u> |
| (1,000) | (13,107) | (6,374) | (6,577) | (63,704) | (159,913) |
| 2,000 | 13,802 | 18,916 | 845 | 52,127 | 183,722 |
| <u>\$ 1,000</u> | <u>\$ 695</u> | <u>\$ 12,542</u> | <u>\$ (5,732)</u> | <u>\$ (11,577)</u> | <u>\$ 23,809</u> |

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Miscellaneous Local Grants Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|-----------|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 67,037 | \$ 50,835 | \$ (16,202) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Special: | | | |
| Salaries and wages | 36,069 | 36,069 | - |
| Fringe benefits | 11,019 | 11,019 | - |
| Materials and supplies | 6,524 | 6,524 | - |
| Capital outlay - new | 5,038 | 5,038 | - |
| Total instruction | 58,650 | 58,650 | - |
| Support services: | | | |
| Pupils: | | | |
| Purchased services | 29,577 | 29,577 | - |
| Instructional staff: | | | |
| Salaries and wages | 29,642 | 29,642 | - |
| Fringe benefits | 4,557 | 4,557 | - |
| Total instructional staff | 34,199 | 34,199 | - |
| Central: | | | |
| Purchased services | 15,800 | 15,800 | - |
| Total support services | 79,576 | 79,576 | - |
| Total expenditures | 138,226 | 138,226 | - |
| Excess of revenues under expenditures | (71,189) | (87,391) | (16,202) |
| <u>Other financing sources (uses):</u> | | | |
| Advances in | 81,833 | 81,833 | - |
| Advances out | (10,644) | (10,644) | - |
| Total other financing sources (uses) | 71,189 | 71,189 | - |
| Excess of revenues and other financing sources under expenditures and other financing uses | - | (16,202) | (16,202) |
| Fund balance at beginning of year | - | - | - |
| Prior year encumbrances appropriated | 16,202 | 16,202 | - |
| Fund balance at end of year | \$ 16,202 | \$ - | \$ (16,202) |

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Excellence in Education Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------|-------------------|----------------|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 275,258 | \$ 275,000 | \$ (258) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Support services: | | | |
| Pupils: | | | |
| Salaries and wages | 55,262 | 55,262 | - |
| Fringe benefits | 14,918 | 14,918 | - |
| Purchased services | 199,320 | 199,320 | - |
| Materials and supplies | 5,500 | 5,500 | - |
| Total pupils | <u>275,000</u> | <u>275,000</u> | <u>-</u> |
| Instructional staff: | | | |
| Materials and supplies | 258 | 258 | - |
| Total expenditures | <u>275,258</u> | <u>275,258</u> | <u>-</u> |
| Excess of revenues under expenditures | - | (258) | (258) |
| Fund balance at beginning of year | - | - | - |
| Prior year encumbrances appropriated | 258 | 258 | - |
| Fund balance at end of year | <u>\$ 258</u> | <u>\$ -</u> | <u>\$ (258)</u> |

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Management Information Systems Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|----------|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 3,000 | \$ 3,000 | \$ - |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Support services: | | | |
| Central: | | | |
| Salaries and wages | 3,000 | 3,000 | - |
| Excess of revenues over (under) expenditures | - | - | - |
| Fund balance at beginning of year | - | - | - |
| Fund balance at end of year | \$ - | \$ - | \$ - |

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Public School Preschool Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------|-------------------|------------|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 207,217 | \$ 182,217 | \$ (25,000) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Special: | | | |
| Salaries and wages | 82,801 | 82,801 | - |
| Fringe benefits | 15,404 | 15,404 | - |
| Purchased services | 3,009 | 3,009 | - |
| Materials and supplies | 36,138 | 36,138 | - |
| Capital outlay - new | 39,307 | 39,307 | - |
| Total instruction | 176,659 | 176,659 | - |
| Support services: | | | |
| Pupils: | | | |
| Purchased services | 50,825 | 50,825 | - |
| Pupil transportation: | | | |
| Purchased services | 11,189 | 11,189 | - |
| Central: | | | |
| Purchased services | 1,000 | 1,000 | - |
| Total support services | 63,014 | 63,014 | - |
| Total expenditures | 239,673 | 239,673 | - |
| Excess of revenues under expenditures | (32,456) | (57,456) | (25,000) |
| Fund balance at beginning of year | 40,033 | 40,033 | - |
| Prior year encumbrances appropriated | 24,999 | 24,999 | - |
| Fund balance at end of year | \$ 32,576 | \$ 7,576 | \$ (25,000) |

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - SchoolNet Professional Development Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------|-------------------|----------|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 1,000 | \$ 1,000 | \$ - |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Support services: | | | |
| Instructional staff: | | | |
| Purchased services | 3,000 | 3,000 | - |
| Excess of revenues under expenditures | (2,000) | (2,000) | - |
| Fund balance at beginning of year | 2,000 | 2,000 | - |
| Fund balance at end of year | \$ - | \$ - | \$ - |

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|---------------|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 63,447 | \$ 56,239 | \$ (7,208) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Support services: | | | |
| Instructional staff: | | | |
| Salaries and wages | 34,380 | 34,380 | - |
| Fringe benefits | 6,647 | 6,647 | - |
| Purchased services | 12,308 | 12,308 | - |
| Materials and supplies | 4,622 | 4,622 | - |
| Total instructional staff | <u>57,957</u> | <u>57,957</u> | <u>-</u> |
| Operation and maintenance of plant: | | | |
| Salaries and wages | 2,496 | 2,496 | - |
| Fringe benefits | 570 | 570 | - |
| Purchased services | 9,305 | 9,305 | - |
| Materials and supplies | 623 | 623 | - |
| Total operation and maintenance of plant | <u>12,994</u> | <u>12,994</u> | <u>-</u> |
| Central: | | | |
| Purchased services | 1,625 | 1,625 | - |
| Total expenditures | <u>72,576</u> | <u>72,576</u> | <u>-</u> |
| Excess of revenues under expenditures | (9,129) | (16,337) | (7,208) |
| Fund balance at beginning of year | 9,127 | 9,127 | - |
| Prior year encumbrances appropriated | 7,210 | 7,210 | - |
| Fund balance at end of year | <u>\$ 7,208</u> | <u>\$ -</u> | <u>\$ (7,208)</u> |

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Eisenhower Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|-------------------|------------------|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 16,593 | \$ 13,216 | \$ (3,377) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Regular: | | | |
| Purchased services | 11,751 | 11,751 | - |
| Materials and supplies | 11,273 | 11,273 | - |
| Total expenditures | 23,024 | 23,024 | - |
| Excess of revenues under expenditures | (6,431) | (9,808) | (3,377) |
| <u>Other financing uses:</u> | | | |
| Advances out | (8,019) | (8,019) | - |
| Excess of revenues under expenditures and other financing uses | (14,450) | (17,827) | (3,377) |
| Fund balance at beginning of year | 25,232 | 25,232 | - |
| Prior year encumbrances appropriated | 3,379 | 3,379 | - |
| Fund balance at end of year | <u>\$ 14,161</u> | <u>\$ 10,784</u> | <u>\$ (3,377)</u> |

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - EHA Preschool Grant Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|-------------------|----------------|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 25,950 | \$ 24,106 | \$ (1,844) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Special: | | | |
| Salaries and wages | 16,592 | 16,592 | - |
| Fringe benefits | 4,670 | 4,670 | - |
| Materials and supplies | 5,122 | 5,122 | - |
| Total instruction | <u>26,384</u> | <u>26,384</u> | <u>-</u> |
| Support services: | | | |
| Pupils: | | | |
| Salaries and wages | 4,660 | 4,660 | - |
| Fringe benefits | 839 | 839 | - |
| Total support services | <u>5,499</u> | <u>5,499</u> | <u>-</u> |
| Total expenditures | <u>31,883</u> | <u>31,883</u> | <u>-</u> |
| Excess of revenues under expenditures | <u>(5,933)</u> | <u>(7,777)</u> | <u>(1,844)</u> |
| <u>Other financing sources (uses):</u> | | | |
| Advances in | 6,873 | 6,873 | - |
| Operating transfers out | (940) | (940) | - |
| Total other financing sources (uses) | <u>5,933</u> | <u>5,933</u> | <u>-</u> |
| Excess of revenues and other financing sources under expenditures and other financing uses | - | (1,844) | (1,844) |
| Fund balance at beginning of year | - | - | - |
| Prior year encumbrances appropriated | 1,844 | 1,844 | - |
| Fund balance at end of year | <u>\$ 1,844</u> | <u>\$ -</u> | <u>\$ (1,844)</u> |

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---|-------------------|------------------|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 935,749 | \$ 586,501 | \$ (349,248) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Vocational: | | | |
| Salaries and wages | 2,240 | 2,240 | - |
| Fringe benefits | 64 | 64 | - |
| Purchased services | 10,529 | 10,529 | - |
| Capital outlay - new | 111 | 111 | - |
| Total instruction | <u>12,944</u> | <u>12,944</u> | <u>-</u> |
| Support services: | | | |
| Instructional staff: | | | |
| Salaries and wages | 120,521 | 120,521 | - |
| Fringe benefits | 15,700 | 15,700 | - |
| Purchased services | 281,105 | 281,105 | - |
| Materials and supplies | 28,383 | 28,383 | - |
| Capital outlay - new | 82,462 | 82,462 | - |
| Total instructional staff | <u>528,171</u> | <u>528,171</u> | <u>-</u> |
| Central: | | | |
| Purchased services | 192,153 | 192,153 | - |
| Materials and supplies | 4,802 | 4,802 | - |
| Total central | <u>196,955</u> | <u>196,955</u> | <u>-</u> |
| Total support services | <u>725,126</u> | <u>725,126</u> | <u>-</u> |
| Total expenditures | <u>738,070</u> | <u>738,070</u> | <u>-</u> |
| Excess of revenues over (under) expenditures | <u>197,679</u> | <u>(151,569)</u> | <u>(349,248)</u> |
| <u>Other financing sources (uses):</u> | | | |
| Advances in | 68,242 | 68,242 | - |
| Advances out | (302,003) | (302,003) | - |
| Total other financing sources (uses) | <u>(233,761)</u> | <u>(233,761)</u> | <u>-</u> |
| Excess of revenues and other financing sources under expenditures and other financing uses | (36,082) | (385,330) | (349,248) |
| Fund balance at beginning of year | 36,081 | 36,081 | - |
| Prior year encumbrances appropriated | 349,249 | 349,249 | - |
| Fund balance at end of year | <u>\$ 349,248</u> | <u>\$ -</u> | <u>\$ (349,248)</u> |

CAPITAL PROJECTS FUND

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The capital projects fund is:

Telecommunity

To account for Telecommunity grants for the Ohio Department of Education.

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Telecommunity Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------|-------------------|-----------|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 27,547 | \$ - | \$ (27,547) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Support services: | | | |
| Instructional staff: | | | |
| Purchased services | 4,667 | 4,667 | - |
| Capital outlay - new | 42,286 | 42,286 | - |
| Other | 79,417 | 79,417 | - |
| Total expenditures | 126,370 | 126,370 | - |
| Excess of revenues under expenditures | (98,823) | (126,370) | (27,547) |
| Fund balance at beginning of year | 98,823 | 98,823 | - |
| Prior year encumbrances appropriated | 27,547 | 27,547 | - |
| Fund balance at end of year | \$ 27,547 | \$ - | \$ (27,547) |

INTERNAL SERVICE FUND

Internal service funds are used to account for the financing of goods or services provided by one fund of the Service Center to other funds of the Service Center on a cost reimbursement basis. The title of the fund indicates the type of service provided. The internal service fund is:

Rotary

To account for income and expenses made in connection with goods and services provided by the Service Center. Some activities using this fund are curricular in nature.

Summit County Educational Service Center
Schedule of Revenues, Expenses and Changes in Fund Equity -
Budget and Actual - Rotary Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|-----------|--|
| <u>Revenues:</u> | | | |
| Charges for services | \$ 55,443 | \$ 54,633 | \$ (810) |
| <u>Expenses:</u> | | | |
| Purchased services: | | | |
| Instructional staff | 27,592 | 27,592 | - |
| Materials and supplies: | | | |
| Special instruction | 25,166 | 25,166 | - |
| Capital outlay: | | | |
| Instructional staff | 2,671 | 2,671 | - |
| Total expenses | 55,429 | 55,429 | - |
| Excess of revenues over (under) expenses | 14 | (796) | (810) |
| Fund equity at beginning of year | 98,363 | 98,363 | - |
| Prior year encumbrances appropriated | 811 | 811 | - |
| Fund equity at end of year | \$ 99,188 | \$ 98,378 | \$ (810) |

TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the Service Center in a trustee capacity. Agency funds are used to account for assets held by the Service Center as an agent for individuals, private organizations, and other governments and/or other funds.

EXPENDABLE TRUST

Special Trust

To account for assets held by the Service Center in a trustee capacity for individuals and/or private organizations which benefit the student body or the local community.

AGENCIES

District Agency

To account for those assets held by the Service Center as an agent for individuals, private organizations, other governmental units, and/or other funds.

NEONET

To account for the funds associated with the Data Acquisition Site. This is a “fiscal agent” arrangement.

Summit County Educational Service Center
Combining Balance Sheet
All Trust and Agency Funds
June 30, 2001

| | Expendable | Agency Funds | | Totals |
|--|-------------------|-----------------|---------------------|---------------------|
| | Trust Fund | District | NEONET | |
| | Special Trust | Agency Fund | Fund | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 345,483 | \$ 5,215 | \$ 1,652,372 | \$ 2,003,070 |
| Receivables: | | | | |
| Accounts | 37,723 | - | - | 37,723 |
| Intergovernmental | - | - | 27,297 | 27,297 |
| Total assets | <u>\$ 383,206</u> | <u>\$ 5,215</u> | <u>\$ 1,679,669</u> | <u>\$ 2,068,090</u> |
| <u>Liabilities and fund equity :</u> | | | | |
| <u>Liabilities:</u> | | | | |
| Accrued wages | \$ - | \$ - | \$ 19,244 | \$ 19,244 |
| Compensated absences payable | - | - | 6,919 | 6,919 |
| Interfund payable | 32,628 | - | - | 32,628 |
| Intergovernmental payable | 13,398 | - | 8,694 | 22,092 |
| Deferred revenue | 30,000 | - | - | 30,000 |
| Undistributed monies | - | 5,215 | 1,644,812 | 1,650,027 |
| Total liabilities | <u>76,026</u> | <u>5,215</u> | <u>1,679,669</u> | <u>1,760,910</u> |
| <u>Fund equity:</u> | | | | |
| Reserved for encumbrances | 77,478 | - | - | 77,478 |
| Unreserved, undesignated | 229,702 | - | - | 229,702 |
| Total fund equity | <u>307,180</u> | <u>-</u> | <u>-</u> | <u>307,180</u> |
| Total liabilities and fund equity | <u>\$ 383,206</u> | <u>\$ 5,215</u> | <u>\$ 1,679,669</u> | <u>\$ 2,068,090</u> |

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Special Trust Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|-------------------------------------|-------------------|----------------|--|
| <u>Revenues:</u> | | | |
| Intergovernmental | \$ 2,500 | \$ 2,500 | \$ - |
| Gifts and donations | 3,515 | 3,515 | - |
| Customer services | 157,415 | 151,347 | (6,068) |
| Total revenues | 163,430 | 157,362 | (6,068) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Special: | | | |
| Salaries and wages | 35,000 | 35,000 | - |
| Fringe benefits | 2,854 | 2,854 | - |
| Purchased services | 1,838 | 1,838 | - |
| Materials and supplies | 3,275 | 3,275 | - |
| Capital outlay - new | 2,500 | 2,500 | - |
| Total special | 45,467 | 45,467 | - |
| Vocational: | | | |
| Fringe benefits | 4,654 | 4,654 | - |
| Purchased services | 3,789 | 3,789 | - |
| Capital outlay - new | 1,847 | 1,847 | - |
| Total vocational | 10,290 | 10,290 | - |
| Total instruction | 55,757 | 55,757 | - |
| Support services: | | | |
| Pupils: | | | |
| Fringe benefits | 2,358 | 2,358 | - |
| Instructional staff: | | | |
| Fringe benefits | 30,435 | 30,435 | - |
| Purchased services | 50,492 | 50,492 | - |
| Materials and supplies | 445 | 445 | - |
| Total instructional staff | 81,372 | 81,372 | - |
| Administration: | | | |
| Purchased services | 135,995 | 135,995 | - |
| Fiscal: | | | |
| Other | 2,000 | 2,000 | - |
| Operation and maintenance of plant: | | | |
| Fringe benefits | 1,081 | 1,081 | - |

(Continued)

Summit County Educational Service Center
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Special Trust Fund
For the Fiscal Year Ended June 30, 2001

| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|-------------------|--|
| Central: | | | |
| Purchased services | 6,399 | 6,399 | - |
| Total support services | <u>229,205</u> | <u>229,205</u> | <u>-</u> |
| Extracurricular activities: | | | |
| Academic and subject oriented activities: | | | |
| Purchased services | 954 | 954 | - |
| Materials and supplies | 1,357 | 1,357 | - |
| Total extracurricular activities | <u>2,311</u> | <u>2,311</u> | <u>-</u> |
| Total expenditures | <u>287,273</u> | <u>287,273</u> | <u>-</u> |
| Excess of revenues under expenditures | <u>(123,843)</u> | <u>(129,911)</u> | <u>(6,068)</u> |
| <u>Other financing sources:</u> | | | |
| Advances in | <u>32,628</u> | <u>32,628</u> | <u>-</u> |
| Excess of revenues and other financing sources under expenditures | (91,215) | (97,283) | (6,068) |
| Fund balance at beginning of year | 355,842 | 355,842 | - |
| Prior year encumbrances appropriated | 6,073 | 6,073 | - |
| Fund balance at end of year | <u>\$ 270,700</u> | <u>\$ 264,632</u> | <u>\$ (6,068)</u> |

Summit County Educational Service Center
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2001

| | Beginning Balance June 30, 2000 | Additions | Deductions | Ending Balance June 30, 2001 |
|--|---------------------------------------|------------------|------------------|------------------------------------|
| <u>District Agency</u> | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 6,194 | \$ - | \$ 979 | \$ 5,215 |
| <u>Liabilities:</u> | | | | |
| Undistributed monies | \$ 6,194 | \$ - | \$ 979 | \$ 5,215 |
| <u>NEONET</u> | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 1,556,690 | \$ 95,682 | \$ - | \$ 1,652,372 |
| Accounts receivable | 30 | - | 30 | - |
| Intergovernmental receivable | 59,656 | - | 32,359 | 27,297 |
| Prepaid items | 235 | - | 235 | - |
| Total assets | <u>\$ 1,616,611</u> | <u>\$ 95,682</u> | <u>\$ 32,624</u> | <u>\$ 1,679,669</u> |
| <u>Liabilities:</u> | | | | |
| Accounts payable | \$ 14,915 | \$ - | \$ 14,915 | \$ - |
| Accrued wages | 22,981 | - | 3,737 | 19,244 |
| Compensated absences payable | 7,718 | - | 799 | 6,919 |
| Intergovernmental payable | 5,143 | 3,551 | - | 8,694 |
| Undistributed monies | 1,565,854 | 78,958 | - | 1,644,812 |
| Total liabilities | <u>\$ 1,616,611</u> | <u>\$ 82,509</u> | <u>\$ 19,451</u> | <u>\$ 1,679,669</u> |
| <u>Total All Agency Funds</u> | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 1,562,884 | \$ 95,682 | \$ 979 | \$ 1,657,587 |
| Accounts receivable | 30 | - | 30 | - |
| Intergovernmental receivable | 59,656 | - | 32,359 | 27,297 |
| Prepaid items | 235 | - | 235 | - |
| Total assets | <u>\$ 1,622,805</u> | <u>\$ 95,682</u> | <u>\$ 33,603</u> | <u>\$ 1,684,884</u> |
| <u>Liabilities:</u> | | | | |
| Accounts payable | \$ 14,915 | \$ - | \$ 14,915 | \$ - |
| Accrued wages | 22,981 | - | 3,737 | 19,244 |
| Compensated absences payable | 7,718 | - | 799 | 6,919 |
| Intergovernmental payable | 5,143 | 3,551 | - | 8,694 |
| Undistributed monies | 1,572,048 | 78,958 | 979 | 1,650,027 |
| Total liabilities | <u>\$ 1,622,805</u> | <u>\$ 82,509</u> | <u>\$ 20,430</u> | <u>\$ 1,684,884</u> |

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets is a balanced group of accounts used to establish control and accountability for the costs of all real property and movable equipment owned by the Service Center. The investment in General Fixed Assets is carried until the disposition of the property and ownership is relinquished. Depreciation on fixed assets is not recorded.

Summit County Educational Service Center
Schedule of General Fixed Assets by Source
June 30, 2001

General fixed assets:

| | |
|----------------------------|-------------------|
| Furniture and equipment | \$ 964,422 |
| Vehicles | <u>18,207</u> |
| Total general fixed assets | <u>\$ 982,629</u> |

Investment in general fixed assets

by source:

| | |
|------------------------------|-------------------|
| Acquired before July 1, 1995 | \$ 273,278 |
| General fund | 320,321 |
| Grants | <u>389,030</u> |
| Total general fixed assets | <u>\$ 982,629</u> |

Summit County Educational Service Center
Schedule of General Fixed Assets by Function and Activity
June 30, 2001

| <u>Function</u> | <u>Furniture and Equipment</u> | <u>Vehicles</u> | <u>Total</u> |
|---------------------------------|------------------------------------|------------------|-------------------|
| Instruction: | | | |
| Regular | \$ 34,071 | \$ - | \$ 34,071 |
| Special | 30,910 | - | 30,910 |
| Vocational | 79,457 | - | 79,457 |
| Support services: | | | |
| Staff | 548,026 | - | 548,026 |
| Administrative | 2,265 | - | 2,265 |
| Fiscal | 3,815 | - | 3,815 |
| Business | - | 18,207 | 18,207 |
| Plant operation and maintenance | 260,819 | - | 260,819 |
| Central | 3,949 | - | 3,949 |
| Capital outlay | <u>1,110</u> | <u>-</u> | <u>1,110</u> |
| Total general fixed assets | <u>\$ 964,422</u> | <u>\$ 18,207</u> | <u>\$ 982,629</u> |

Summit County Educational Service Center
Schedule of Changes in General Fixed Assets by Function
For the Fiscal Year Ended June 30, 2001

| Function | Balance June 30, 2000 | Additions | Deletions | Balance June 30, 2001 |
|---------------------------------|--------------------------|------------------|------------------|--------------------------|
| Instruction: | | | | |
| Regular | \$ 12,061 | \$ 22,010 | \$ - | \$ 34,071 |
| Special | 30,910 | - | - | 30,910 |
| Vocational | 78,289 | 1,168 | - | 79,457 |
| Support services: | | | | |
| Staff | 540,366 | 13,655 | 5,995 | 548,026 |
| Administrative | 2,265 | - | - | 2,265 |
| Fiscal | 3,815 | - | - | 3,815 |
| Business | 14,707 | 3,500 | - | 18,207 |
| Plant operation and maintenance | 223,840 | 43,949 | 6,970 | 260,819 |
| Central | 1,499 | 2,450 | - | 3,949 |
| Capital outlay | 1,110 | - | - | 1,110 |
| Total general fixed assets | <u>\$ 908,862</u> | <u>\$ 86,732</u> | <u>\$ 12,965</u> | <u>\$ 982,629</u> |

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Statistical Section

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Summit County Educational Service Center

Revenues by Source and Expenditures by Function

Last Ten Fiscal Years (1)

| | Fiscal Year Ended June 30, 2001 | Fiscal Year Ended June 30, 2000 | Fiscal Year Ended June 30, 1999 | Fiscal Year Ended June 30, 1998 |
|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$ 3,847,665 | \$ 5,256,585 | \$ 7,014,005 | \$ 7,833,745 |
| Interest | 298,361 | 269,925 | 276,738 | 142,546 |
| Tuition and fees | 306,903 | 345,943 | 221,641 | 270,300 |
| Gifts and donations | 3,515 | 43,110 | - | - |
| Services provided to other entities | 3,877,888 | 2,701,100 | 2,260,906 | 1,650,305 |
| Other local revenues | - | - | - | - |
| Classroom materials and fees | - | - | - | 4,407 |
| Miscellaneous | 203,515 | 33,086 | 282,422 | 87,810 |
| Total revenues | <u>\$ 8,537,847</u> | <u>\$ 8,649,749</u> | <u>\$ 10,055,712</u> | <u>\$ 9,989,113</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | \$ 35,611 | \$ 80,920 | \$ 86,115 | \$ 309,287 |
| Special | 1,684,129 | 1,471,551 | 959,153 | 831,090 |
| Vocational | 185,644 | 362,991 | 540,220 | 487,390 |
| Support services: | | | | |
| Pupil | 1,879,575 | 1,583,520 | 2,282,164 | 1,633,010 |
| Instructional staff | 2,049,960 | 3,272,104 | 2,677,485 | 2,459,005 |
| Board of education | 23,068 | 24,080 | 38,178 | 19,072 |
| School administration | 554,911 | 441,680 | 556,977 | 1,102,981 |
| Fiscal | 218,938 | 219,127 | 256,703 | 265,432 |
| Business | 53,732 | 65,241 | 41,757 | 32,959 |
| Operation and maintenance of plant | 115,575 | 1,305,568 | 1,609,638 | 119,804 |
| Pupil transportation | 11,189 | 23,049 | 22,791 | 21,047 |
| Central | 328,806 | 253,313 | 679,853 | 254,114 |
| Community services | - | 852 | 3,286 | 16,400 |
| Extracurricular activities | 2,311 | 2,175 | 36,237 | 1,571 |
| Capital outlay | 2,327 | 1,110 | 2,864 | 2,704 |
| Debt service: | | | | |
| Principal retirement | 6,694 | 29,349 | - | - |
| Interest and fiscal charges | 1,429 | 1,217 | - | - |
| Total expenditures | <u>\$ 7,153,899</u> | <u>\$ 9,137,847</u> | <u>\$ 9,793,421</u> | <u>\$ 7,555,866</u> |

Source: FY1992 - FY1994 Service Center financial records; FY1995 - FY2001 Service Center Audit Reports

Note: General government includes all governmental funds and expendable trust fund.

(1) FY1992 - FY1994 are reported on a cash basis; subsequent years are on a GAAP basis.

| Fiscal Year Ended June 30, 1997 | Fiscal Year Ended June 30, 1996 | Fiscal Year Ended June 30, 1995 | Fiscal Year Ended June 30, 1994 | Fiscal Year Ended June 30, 1993 | Fiscal Year Ended June 30, 1992 |
|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| \$ 5,328,802 | \$ 4,358,049 | \$ 3,858,352 | \$ 3,722,853 | \$ 2,924,935 | \$ 2,779,603 |
| 75,196 | 58,354 | 41,540 | 14,920 | 13,361 | 14,424 |
| 332,772 | 246,049 | 17,874 | 16,333 | 1,180 | 9,038 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,028,464 | 1,286,739 | 1,195,585 | 1,324,262 | 654,764 | 801,129 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 6,765,234</u> | <u>\$ 5,949,191</u> | <u>\$ 5,113,351</u> | <u>\$ 5,078,368</u> | <u>\$ 3,594,240</u> | <u>\$ 3,604,194</u> |

| | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 69,646 | \$ 73,409 | \$ 196,161 | \$ 251,223 | \$ 425,806 | \$ 414,311 |
| 536,933 | 726,379 | 763,597 | 541,491 | 469,883 | 223,845 |
| 494,721 | 236,331 | 187,042 | 153,635 | 286,842 | 126,865 |
| 1,488,750 | 1,609,820 | 1,536,842 | 1,411,975 | 1,376,689 | 1,182,748 |
| 2,591,182 | 2,406,964 | 1,874,795 | 1,190,167 | 756,370 | 765,494 |
| 19,912 | 24,268 | 22,360 | 11,354 | 7,942 | 13,546 |
| 538,532 | 526,276 | 523,303 | 375,363 | 384,438 | 368,630 |
| 171,943 | 192,833 | 161,365 | 141,037 | 137,643 | 72,434 |
| 49,946 | 54,387 | 52,082 | 44,443 | 18,042 | 12,841 |
| 42,495 | 82,764 | 80,373 | 80,811 | 36,818 | 21,250 |
| 20,861 | 20,881 | - | 28,051 | 7,831 | 3,425 |
| 255,177 | 287,676 | 108,254 | 435,579 | 135,237 | 27,486 |
| 3,837 | 15,000 | 42,995 | 27,877 | - | - |
| - | 1,166 | 991 | 1,618 | 1,300 | 1,300 |
| 1,864 | - | - | 319 | 3,630 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 6,285,799</u> | <u>\$ 6,258,154</u> | <u>\$ 5,550,160</u> | <u>\$ 4,694,943</u> | <u>\$ 4,048,471</u> | <u>\$ 3,234,175</u> |

Summit County Educational Service Center

General Fund Cash Balance History

Last Ten Fiscal Years (1)

| | <u>Fiscal Year Ended June 30, 2001</u> | <u>Fiscal Year Ended June 30, 2000</u> | <u>Fiscal Year Ended June 30, 1999</u> | <u>Fiscal Year Ended June 30, 1998</u> |
|---------------------------------|--|--|--|--|
| Fund balance, unreserved | \$ 3,156,582 | \$ 1,435,835 | 966,470 | 440,924 |
| Total fund equity | \$ 3,617,874 | \$ 1,907,785 | 1,238,107 | 862,301 |
| Cash balance | \$ 3,451,044 | \$ 2,486,780 | 1,557,876 | 1,188,726 |
| Cash balance: less encumbrances | \$ 3,395,583 | \$ 2,422,315 | 1,421,260 | 909,906 |

Source: FY1992 - FY1994 Service Center financial records; FY1995 - FY2001 Service Center Audit Reports

(1) FY1992 - FY1994 are reported on a cash basis; subsequent years are on a GAAP basis.

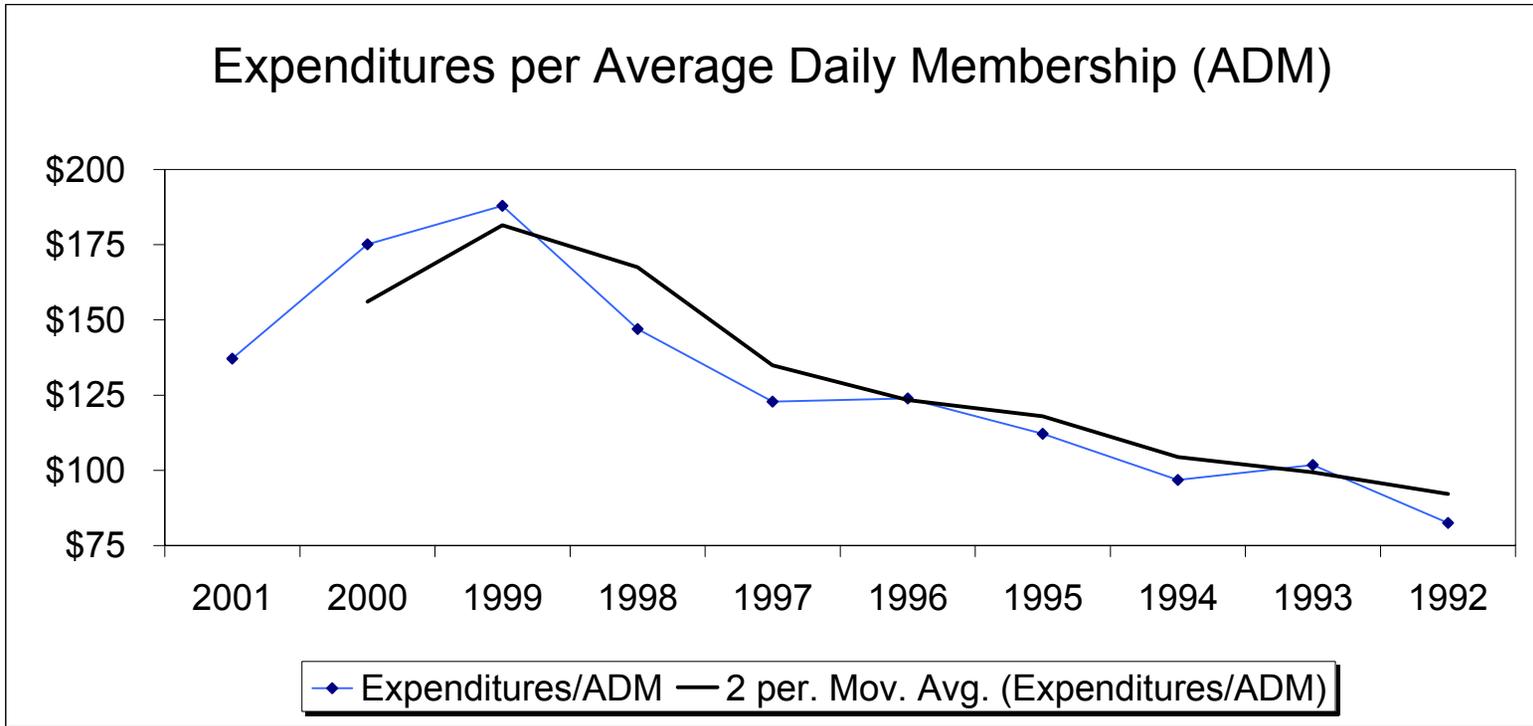
N/A No fund balance or fund equity due to amounts reported on cash basis only.

| <u>Fiscal Year Ended June 30, 1997</u> | <u>Fiscal Year Ended June 30, 1996</u> | <u>Fiscal Year Ended June 30, 1995</u> | <u>Fiscal Year Ended June 30, 1994</u> | <u>Fiscal Year Ended June 30, 1993</u> | <u>Fiscal Year Ended June 30, 1992</u> |
|--|--|--|--|--|--|
| (178,884) | (434,963) | (219,035) | N/A | N/A | N/A |
| 124,746 | (333,058) | (96,246) | N/A | N/A | N/A |
| 635,018 | 356,788 | 288,842 | 662,362 | 256,245 | 700,590 |
| 410,957 | 97,528 | 158,520 | 595,596 | 231,356 | 468,423 |

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

| Fiscal Year Ended June 30 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 |
|---------------------------|--------------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Expenditures | \$ 7,153,899 | \$ 9,137,847 | 9,793,421 | 7,555,866 | 6,285,799 | 6,258,154 | 5,550,160 | 4,694,943 | 4,048,471 | 3,234,175 |
| ADM | 52,182 | 52,191 | 52,104 | 51,418 | 51,163 | 50,498 | 49,505 | 48,495 | 39,777 | 39,186 |
| Expenditures/ADM | \$ 137 | 175 | 188 | 147 | 123 | 124 | 112 | 97 | 102 | 83 |

89

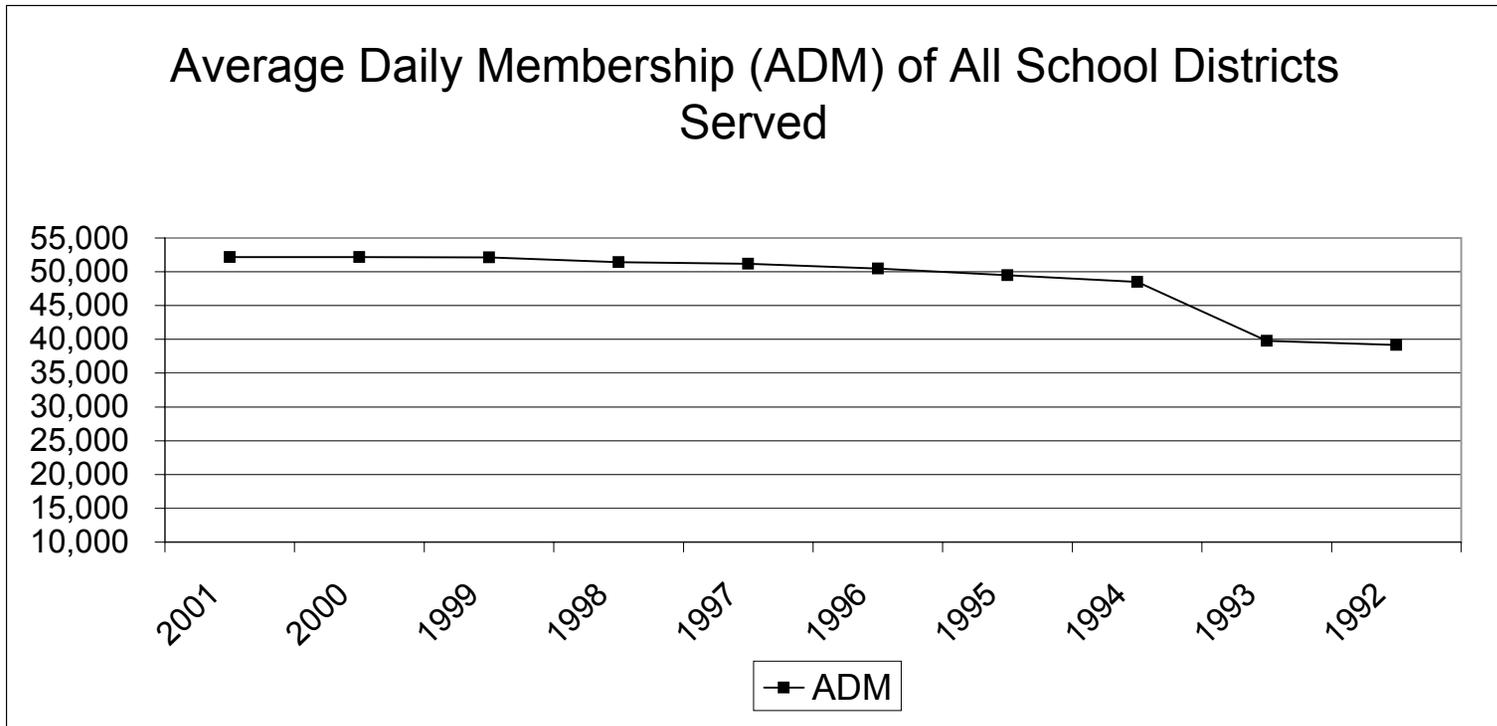


Summit County Educational Service Center

**Average Daily Membership (ADM) of All School Districts Served
Last Ten Fiscal Years**

| Fiscal Year Ended June 30 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| ADM | 52,182 | 52,191 | 52,104 | 51,418 | 51,163 | 50,498 | 49,505 | 48,495 | 39,777 | 39,186 |
| Percent Change | -0.02% | 0.17% | 1.33% | 0.50% | 1.32% | 2.01% | 2.08% | 21.92% | 1.51% | 2.98% |

Average Daily Membership (ADM) of All School Districts Served



In July 1993 three city school districts were added through contracts
SOURCE: Annual Financial Report of the Board of Education (AUD/ODE 4502 reports)

Summit County Educational Service Center

Miscellaneous Statistics - School Districts Served

Last Three Fiscal Years (1)

| Fiscal Year Ended June 30, | Barberton City School District | | | Copley-Fairlawn City School District | | |
|----------------------------|--------------------------------|-------|-------|--------------------------------------|-------|-------|
| | 2000 | 1999 | 1998 | 2000 | 1999 | 1998 |
| Fall Enrollment | 4,233 | 4,323 | 3,892 | 2,875 | 2,819 | 2,669 |

Demographic Data:

| | | | | | | |
|--------------------------|-----------|--------|--------|---------|---------|---------|
| Average Income | \$ 27,135 | 30,381 | 26,811 | 40,691 | 61,000 | 50,276 |
| Property Valuation/Pupil | 85,161 | 83,388 | 77,489 | 226,607 | 231,109 | 193,478 |

Fiscal Data:

| | | | | | | |
|------------------------|-----------|--------|--------|--------|--------|--------|
| Effective Mills | 25.97 | 26.02 | 28.16 | 27.36 | 27.54 | 27.56 |
| Average Teacher Salary | \$ 42,607 | 41,153 | 41,153 | 46,977 | 45,028 | 44,805 |

Staff Data:

| | | | | | | |
|--|--------|-------|-------|-------|-------|-------|
| Percent of Teachers With No Degree | 2.56% | 0.19 | 0.00 | 0.00 | 0.00 | 0.69 |
| Percent of Teachers With Bachelor Degree | 43.20% | 19.82 | 21.34 | 52.31 | 19.08 | 17.90 |
| Percent of Teachers With Masters Degree | 54.22% | 48.38 | 45.06 | 47.68 | 46.05 | 46.22 |
| Average Teacher Experience (yrs.) | N/A | 15.20 | 16.30 | N/A | 13.90 | 14.90 |

Output:

| | | | | | | |
|-----------------------|--------|-------|-------|-------|-------|-------|
| Pupil Attendance Rate | 92.60% | 92.50 | 92.50 | 96.10 | 96.00 | 96.35 |
| Graduation Rate | 77.00% | 81.50 | 87.50 | 90.20 | 92.70 | 86.60 |

| Fiscal Year Ended June 30, | Nordonia Hills City School District | | | Norton City School District | | |
|----------------------------|-------------------------------------|-------|-------|-----------------------------|-------|-------|
| | 2000 | 1999 | 1998 | 2000 | 1999 | 1998 |
| Fall Enrollment | 3,608 | 3,563 | 3,443 | 2,457 | 2,541 | 2,553 |

Demographic Data:

| | | | | | | |
|--------------------------|-----------|---------|---------|---------|--------|--------|
| Average Income | \$ 38,051 | 45,790 | 39,292 | 35,045 | 38,342 | 33,331 |
| Property Valuation/Pupil | 202,823 | 205,312 | 159,295 | 100,227 | 97,211 | 80,701 |

Fiscal Data:

| | | | | | | |
|------------------------|-----------|--------|--------|--------|--------|--------|
| Effective Mills | 27.93 | 26.42 | 27.96 | 29.44 | 29.37 | 30.06 |
| Average Teacher Salary | \$ 44,354 | 42,462 | 42,868 | 42,339 | 38,719 | 39,419 |

Staff Data:

| | | | | | | |
|--|--------|-------|-------|-------|-------|-------|
| Percent of Teachers With No Degree | 0.00% | 0.00 | 0.00 | 8.36 | 0.72 | 0.00 |
| Percent of Teachers With Bachelor Degree | 63.92% | 17.65 | 17.69 | 60.04 | 18.42 | 17.43 |
| Percent of Teachers With Masters Degree | 36.07% | 38.24 | 38.74 | 31.58 | 40.89 | 35.58 |
| Average Teacher Experience (yrs.) | N/A | 14.30 | 15.50 | N/A | 13.60 | 14.10 |

Output:

| | | | | | | |
|-----------------------|--------|-------|-------|-------|-------|-------|
| Pupil Attendance Rate | 95.80% | 95.40 | 95.69 | 95.10 | 94.30 | 95.15 |
| Graduation Rate | 91.20% | 88.70 | 88.89 | 87.60 | 91.10 | 89.22 |

Source: Ohio Department of Education, Summit County Auditor, Ohio Department of Taxation

(1) Information not available for 2001

| Coventry Local School District | | | Cuyahoga Falls City School District | | | Green Local School District | | |
|--------------------------------|---------|---------|-------------------------------------|---------|---------|--|---------|---------|
| 2000 | 1999 | 1998 | 2000 | 1999 | 1998 | 2000 | 1999 | 1998 |
| 2,364 | 2,484 | 2,576 | 5,256 | 5,708 | 5,705 | 3,790 | 3,830 | 3,729 |
| 32,101 | 38,224 | 33,665 | 34,505 | 38,326 | 34,350 | 38,003 | 46,016 | 41,920 |
| 100,285 | 95,440 | 78,289 | 136,438 | 125,633 | 108,890 | 130,582 | 129,218 | 106,244 |
| 28.61 | 31.06 | 30.90 | 26.23 | 26.61 | 25.05 | 34.40 | 35.78 | 27.47 |
| 39,429 | 38,496 | 36,061 | 41,004 | 39,834 | 37,684 | 43,223 | 39,980 | 38,886 |
| 0.00 | 0.00 | 0.00 | 0.00 | 1.27 | 0.94 | 1.16 | 0.00 | 0.00 |
| 77.00 | 38.37 | 40.91 | 60.23 | 14.64 | 14.77 | 51.16 | 15.49 | 20.12 |
| 22.99 | 17.39 | 16.88 | 39.76 | 38.43 | 37.32 | 47.66 | 42.03 | 41.41 |
| N/A | 13.20 | 12.90 | N/A | 15.90 | 15.90 | N/A | 13.50 | 14.30 |
| 93.50 | 93.70 | 93.41 | 95.30 | 94.60 | 94.73 | 96.40 | 96.30 | 96.03 |
| 95.90 | 88.40 | 93.06 | 84.40 | 81.90 | 92.40 | 89.90 | 92.30 | 91.04 |
| Revere Local School District | | | Springfield Local School District | | | Stow-Munroe Falls City School District | | |
| 2000 | 1999 | 1998 | 2000 | 1999 | 1998 | 2000 | 1999 | 1998 |
| 2,788 | 2,905 | 2,844 | 3,193 | 3,408 | 3,313 | 5,805 | 6,063 | 6,000 |
| 46,881 | 92,391 | 83,107 | 28,358 | 34,368 | 30,598 | 38,204 | 48,149 | 43,647 |
| 237,472 | 227,734 | 201,270 | 113,714 | 104,713 | 92,633 | 131,419 | 125,345 | 107,838 |
| 27.50 | 29.22 | 25.76 | 32.48 | 30.01 | 32.86 | 33.50 | 35.50 | 33.80 |
| 47,429 | 46,453 | 43,082 | 40,574 | 42,513 | 40,113 | 45,324 | 43,642 | 42,772 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.44 | 0.00 | 0.00 | 0.00 |
| 60.49 | 8.25 | 8.99 | 66.34 | 13.35 | 17.58 | 81.33 | 14.57 | 11.45 |
| 39.52 | 48.44 | 46.13 | 33.65 | 29.29 | 26.90 | 18.66 | 15.81 | 28.12 |
| N/A | 14.70 | 14.80 | N/A | 12.10 | 12.40 | N/A | 15.10 | 15.20 |
| 95.80 | 95.40 | 95.80 | 93.30 | 93.60 | 93.13 | 94.30 | 93.80 | 94.27 |
| 94.70 | 93.00 | 92.99 | 75.80 | 75.20 | 81.47 | 88.80 | 91.40 | 92.02 |

Summit County Educational Service Center

Miscellaneous Statistics - School Districts Served

Last Three Fiscal Years (1)

| Fiscal Year Ended June 30, | Hudson Local School District | | | Manchester Local School District | | |
|--|------------------------------|---------|---------|----------------------------------|---------|--------|
| | 2000 | 1999 | 1998 | 2000 | 1999 | 1998 |
| Fall Enrollment | 5,172 | 5,442 | 5,380 | 1,420 | 1,493 | 1,463 |
| Demographic Data: | | | | | | |
| Average Income | \$ 58,191 | 95,897 | 89,602 | 32,599 | 39,503 | 35,067 |
| Property Valuation/Pupil | 149,843 | 142,408 | 128,986 | 105,201 | 100,057 | 87,712 |
| Fiscal Data: | | | | | | |
| Effective Mills | 41.42 | 41.91 | 32.71 | 30.74 | 32.82 | 35.47 |
| Average Teacher Salary | \$ 50,283 | 46,749 | 45,135 | 42,196 | 40,517 | 38,925 |
| Staff Data: | | | | | | |
| Percent of Teachers With No Degree | 0.00% | 0.33 | 0.33 | 2.40 | 0.00 | 0.00 |
| Percent of Teachers With Bachelor Degree | 34.26% | 12.35 | 14.97 | 65.05 | 16.70 | 15.90 |
| Percent of Teachers With Masters Degree | 65.73% | 63.81 | 62.18 | 32.54 | 36.95 | 38.91 |
| Average Teacher Experience (yrs.) | N/A | 13.30 | 13.20 | N/A | 15.30 | 14.40 |
| Output: | | | | | | |
| Pupil Attendance Rate | 95.40% | 95.10 | 95.55 | 95.20 | 95.30 | 95.29 |
| Graduation Rate | 96.40% | 94.30 | 95.42 | 90.80 | 93.60 | 97.16 |

| Fiscal Year Ended June 30, | Tallmadge City School District | | | Twinsburg City School District | | |
|--|--------------------------------|---------|---------|--------------------------------|---------|---------|
| | 2000 | 1999 | 1998 | 2000 | 1999 | 1998 |
| Fall Enrollment | 2,574 | 2,738 | 2,662 | 3,530 | 3,400 | 3,143 |
| Demographic Data: | | | | | | |
| Average Income | \$ 34,896 | 43,143 | 38,151 | 43,187 | 50,620 | 42,407 |
| Property Valuation/Pupil | 135,673 | 125,627 | 112,891 | 212,857 | 220,996 | 174,163 |
| Fiscal Data: | | | | | | |
| Effective Mills | 28.99 | 29.10 | 30.67 | 29.17 | 32.89 | 24.35 |
| Average Teacher Salary | \$ 43,171 | 40,066 | 39,248 | 46,124 | 43,938 | 42,870 |
| Staff Data: | | | | | | |
| Percent of Teachers With No Degree | 0.00% | 0.00 | 0.00 | 0.88 | 0.00 | 0.00 |
| Percent of Teachers With Bachelor Degree | 57.31% | 18.13 | 19.84 | 57.93 | 22.08 | 22.56 |
| Percent of Teachers With Masters Degree | 42.68% | 32.04 | 33.58 | 41.18 | 43.10 | 40.51 |
| Average Teacher Experience (yrs.) | N/A | 15.10 | 15.40 | N/A | 12.00 | 12.20 |
| Output: | | | | | | |
| Pupil Attendance Rate | 95.80% | 95.60 | 95.33 | 95.90 | 95.20 | 95.66 |
| Graduation Rate | 90.50% | 89.80 | 92.27 | 91.60 | 92.10 | 96.98 |

Source: Ohio Department of Education, Summit County Auditor, Ohio Department of Taxation

(1) Information not available for 2001

| Mogadore Local School District | | |
|--------------------------------|--------|--------|
| 2000 | 1999 | 1998 |
| 832 | 852 | 829 |
| 30,148 | 37,832 | 32,755 |
| 122,787 | 86,874 | 99,790 |
| 32.28 | 37.02 | 33.36 |
| 40,751 | 40,094 | 38,597 |
| 4.46 | 0.00 | 0.00 |
| 62.01 | 16.22 | 15.24 |
| 33.51 | 37.84 | 30.48 |
| N/A | 14.30 | 14.60 |
| 95.40 | 95.30 | 95.51 |
| 95.50 | 93.30 | 91.43 |

| Woodridge Local School District | | |
|---------------------------------|---------|---------|
| 2000 | 1999 | 1998 |
| 1,632 | 1,495 | 1,238 |
| 39,472 | 59,734 | 48,844 |
| 245,392 | 267,879 | 254,122 |
| 32.90 | 35.50 | 23.00 |
| 39,158 | 38,667 | 38,789 |
| 0.00 | 0.00 | 0.00 |
| 75.23 | 28.26 | 35.21 |
| 24.76 | 27.29 | 30.75 |
| N/A | 11.30 | 12.20 |
| 94.60 | 94.50 | 95.06 |
| 87.60 | 84.80 | 90.29 |

| Total/Highest/Lowest All Districts Served | | | | | |
|---|------------|-------------|------------|-------------|------------|
| 2000 | | 1999 | | 1998 | |
| 52,191 | | 52,104 | | 51,418 | |
| <u>High</u> | <u>Low</u> | <u>High</u> | <u>Low</u> | <u>High</u> | <u>Low</u> |
| 58,191 | 27,135 | 95,897 | 30,381 | 89,602 | 26,811 |
| 245,392 | 85,161 | 267,879 | 83,388 | 254,122 | 77,489 |
| 41.42 | 25.97 | 41.91 | 26.02 | 35.47 | 23.00 |
| 50,283 | 39,158 | 46,749 | 38,496 | 45,135 | 36,061 |
| 8.36 | 0.00 | 1.27 | 0.00 | 1.44 | 0.00 |
| 81.33 | 0.34 | 38.37 | 8.25 | 40.91 | 8.99 |
| 47.68 | 0.36 | 63.81 | 15.81 | 62.18 | 16.88 |
| - | - | 15.90 | 11.30 | 16.30 | 12.20 |
| 96.40 | 0.93 | 96.30 | 92.50 | 96.35 | 92.50 |
| 95.90 | 0.77 | 94.30 | 75.20 | 97.16 | 81.47 |

Summit County Educational Service Center

Property Values, Bank Deposits and Construction

Last Ten Years

| <u>Year</u> | <u>Total Assessed Values</u> | <u>Certified Bank Deposits</u> | <u>Value of Building Permits Issued</u> |
|-------------|--------------------------------------|------------------------------------|---|
| 2000 | \$ 9,650,738 | \$ 7,156,344 | \$ 801,385 |
| 1999 | 9,412,700 | 7,071,487 | 799,751 |
| 1998 | 9,164,288 | 5,749,282 | 751,858 |
| 1997 | 9,118,858 | 5,153,519 | 706,833 |
| 1996 | 8,859,290 | 4,353,857 | 646,156 |
| 1995 | 7,550,357 | 4,267,009 | 652,677 |
| 1994 | 7,381,330 | 4,199,905 | 631,375 |
| 1993 | 7,171,949 | 3,792,255 | 554,749 |
| 1992 | 6,533,731 | 3,737,694 | 513,216 |
| 1991 | 6,477,101 | 3,610,033 | 330,075 |
| 1990 | 6,336,326 | 3,539,540 | 440,902 |

NOTE: The Service Center is not a taxing authority. This is presented for the area in which the school districts served by the Service Center are located.

Sources:

Total Assessed Value - Summit County Auditor

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

Building Permits - County of Summit Executive's Building Department

Compliance Section

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

Members of the Board of Governors
Summit County Educational Service Center
420 Washington Avenue
Cuyahoga Falls, OH 44221

We have audited the financial statements of Summit County Educational Service Center as of and for the year ended June 30, 2001, and have issued our report thereon dated December 14, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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



LENNON & COMPANY
Certified Public Accountant
December 14, 2001

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

Members of the Board of Governors
Summit County Educational Service Center
420 Washington Avenue
Cuyahoga Falls, OH 44221

Compliance

We have audited the compliance of Summit County Educational Service Center with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Summit County Educational Service Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Summit County Educational Service Center's management. Our responsibility is to express an opinion on Summit County Educational Service Center's compliance based on our audit.

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

In our opinion, Summit County Educational Service Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

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



LENNON & COMPANY
Certified Public Accountant
December 14, 2001

Summit County Educational Service Center
Summit County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2001

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Grantor's Number | Federal CFDA Number | Receipts | Disbursements |
|---|-------------------------------------|---------------------------|-------------------|-------------------|
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | |
| Passed Through Ohio Department of Education: | | | | |
| Eisenhower Professional Development | MS-S1 97 C | 84.281 | \$ - | \$ 79 |
| | MS-S1 99 C | | 13,216 | 7,760 |
| | MS-S1 00 | | - | 13,426 |
| | | | <u>13,216</u> | <u>21,265</u> |
| Special Education - Preschool | PG-S1 99 P | 84.173 | 13,298 | 14,201 |
| | PG-S1 00 P | | 10,809 | 16,187 |
| | | | <u>24,107</u> | <u>30,388</u> |
| Goals 2000 | G2-S3 98 P | 84.276 | - | 34,649 |
| | G2-S3 99 | | - | 1,200 |
| | G2-S3 00 | | - | 23,561 |
| | G2-S9 00 | | - | 20,000 |
| | | | <u>-</u> | <u>79,410</u> |
| Total Passed Through Ohio Department of Education | | | <u>37,323</u> | <u>131,063</u> |
| Direct: | | | | |
| Technology Innovation Challenge Grant | 1-303A50380-99 | 84.303A | 51,357 | 51,358 |
| | 1-303A50380-00 | | 515,144 | 518,952 |
| Total Direct | | | <u>566,501</u> | <u>570,310</u> |
| Total U.S. Department of Education | | | <u>\$ 603,824</u> | <u>\$ 701,373</u> |

See accompanying Notes to the Schedule of Federal Awards Expenditures.

Summit County Educational Service Center
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2001

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

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

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
June 30, 2001**

| 1. SUMMARY OF AUDITOR'S RESULTS | | |
|--|---|--|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported non-compliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Technology Innovation Challenge CFDA Number 84.303A |
| <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

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .315(b)**

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER
June 30, 2001**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|----------------|--|------------------|---|
| 2000-78664-001 | Modifications to appropriations and the final appropriation were not approved by the Board of Governors. | Yes | All modifications to the budget are presented to the Board of Governor's at their regular meetings. These modifications (if any) are approved as part of the appropriation process. |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 29, 2002**