

**Auditor of State  
Betty Montgomery**



**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER  
SUMMIT COUNTY**

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**Auditor of State  
Betty Montgomery**

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS' ON COMPLIANCE AND ON INTERNAL  
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Governors:

We have audited the basic financial statements of the Summit County Educational Service Center, Summit County, Ohio, (the Center) as of and for the year ended June 30, 2002, and have issued our report thereon dated January 17, 2003, in which we noted the Center implemented a new reporting model for the year ended June 30, 2002. 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 the 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*.

We noted an immaterial instance of noncompliance that we have reported to management of the Center in a separate letter dated January 17, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Center's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as Finding Number 2002-10977-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 17, 2003



**Auditor of State  
Betty Montgomery**

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS' ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Board of Governors:

**Compliance**

We have audited the compliance of the Summit County Educational Service Center, Summit County, Ohio, (the 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, 2002. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the 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 the Center's compliance with those requirements.

In our opinion, the 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, 2002.

**Internal Control Over Compliance**

The management of the 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 the 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.

#### **Schedule of Receipts and Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Summit County Educational Service Center as of and for the year ended June 30, 2002, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 17, 2003, in which we noted the Center implemented a new reporting model for the year ended June 30, 2002. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

January 17, 2003



**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER  
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through the Ohio Department of Education:</i>				
Special Education - Preschool Grants	PGS1-2001-P	84.173	\$25,220	\$19,842
	PGS1-2002-P		11,374	17,667
Total Special Education - Preschool Grants			<u>36,594</u>	<u>37,509</u>
Goals 2000 - State and Local Education Systemic Improvement Grant	G2S9-2000	84.276	-	3,164
Eisenhower Professional Development State Grants	MSS1-1999-C	84.281	-	736
	MSS1-2000		-	11,758
	MSS4-2002		11,969	30,684
Total Eisenhower Professional Development State Grants			<u>11,969</u>	<u>43,178</u>
<i>Direct:</i>				
Technology Innovation Challenge Grant	1-303A50380-01	84.303A	264,025	260,192
Total U.S. Department of Education			312,588	344,043
<b><u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u></b>				
<i>Passed Through the State Library of Ohio:</i>				
State Library Program	N/A	45.310	135,068	129,518
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<i>Passed Through the Ohio Department of Mental Retardation and Development Disabilities:</i>				
Medicaid Assistance Program (CAFS)	N/A	93.778	51,778	51,778
<b>Totals</b>			<u>\$499,434</u>	<u>\$525,339</u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER  
SUMMIT COUNTY**

**NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) summarizes activity of the Center's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2002**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	State Library Program CFDA # 45.310 Medicaid Assistance Program (CAFS) CFDA # 93.778
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**Reportable Condition**

**Capital Assets**

The following conditions were noted during our testing of the Center's capital assets:

- The Treasurer's Office capital asset listing, which was utilized by the GAAP conversion team in determining the amounts to be reported in the basic financial statements, does not adequately identify asset tag and/or serial numbers. As a result, the ability to identify and locate specific assets is greatly hindered.
- The Center's current capital asset policy is vague in its description of the manner in which capital asset additions, deletions, and transfers of capital assets should be identified and recorded.

**Reportable Condition (Continued)**

- The Center has not established definitive guidelines regarding the assignment of useful lives to assets. Additionally, a number of the Center's assets are fully depreciated (i.e. zero net book value) despite the fact that many of these assets have remaining useful lives.
- The Center has not monitored asset disposal activity appropriately. We noted that the Treasurer's Office listing reflected no disposals even though the Information Technology Consultant indicated that a number of disposals took place during the current year. No disposal forms or documentation otherwise evidencing these disposals was noted.

We recommend that management:

- Conduct a complete physical inventory of the Center's assets to facilitate accuracy in financial reporting and provide better documentation for insurance purposes.
- Develop more definitive and comprehensive capital asset policies and procedures. These guidelines should clearly indicate the Center's capitalization threshold for additions, useful lives for specific asset categories (including the reassessment of useful lives for assets that are fully or near fully depreciated), and protocol for deletions from the capital asset listing. Currently, the Center's policy does include a discussion of proper procedures for the disposal of capital assets; however, it became clear during the course of testing that these provisions were not adhered to as the Center could provide no documentation of approval by an appropriate supervisor for disposals of capital assets. This situation could lead to undetected theft. The Center should implement the usage of standardized forms that provide for accountability in the disposal process.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None.

# **Summit County Educational Service Center**

**Cuyahoga Falls, Ohio**

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Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2002

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



**Summit County Educational Service Center**  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2002  
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## INTRODUCTORY SECTION



January 17, 2003

To the Citizens and Board of Governors of the Summit County Educational Service Center:

The Comprehensive Annual Financial Report (CAFR) of the Summit County Educational Service Center (the "Service Center") for the fiscal year ended June 30, 2002 is hereby submitted. This report, prepared by the Chief Fiscal Officer, includes basic financial statements, supplemental statements, and other financial and statistical information to provide a complete and full disclosure of all material financial aspects of the Service Center for the 2001-2002 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 Service Center 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 of the Service Center.

This CAFR, which includes an opinion from the Auditor of the State of Ohio's Office, conforms to generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the Educational Service Center's commitment to provide meaningful information to its' stakeholders.

This CAFR is presented in three sections:

The Introductory Section, which is unaudited, includes this transmittal letter, a list of principal officials, the Service Center's organizational chart and the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2001.

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

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

## BACKGROUND AND GENERAL INFORMATION

### History

In 1914, the Ohio Legislature created *county boards of education* to oversee the predominantly rural schools outside the cities and larger villages. From their inception, these county offices have performed many of the functions associated with the central office of a large city school system. For example, they provide supervision, psychological services, and prescribed courses of study. In 1995, the Ohio General Assembly adopted Am. Sub. H.B. 117, which altered the structure of county offices of education. Effective July 1, 1995 county offices of education would be known as “Educational Service Centers” governed by a “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 services: 1) curriculum and instructional technology; 2) pupil personnel; 3) support/supplementary services; and 4) administration. Experience has proven that county-type of school organizations of this nature can provide advantages of economy of scale without the disadvantages of "bigness".

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

### Districts Served

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

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

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

The Service Center also provides selected contractual services to districts outside of Summit County. These school districts affiliate on an annual basis, by contract, for a broad spectrum of educational services available through the Service Center.

## **Organization**

The Board of Governors (the “Board”) has five members elected by the voters of the seven local districts. The members must be residents and registered voters of one of the seven local districts. The term of office for each member is four years. Non-partisan elections are held biannually in November with two members being elected in one cycle and three in the following cycle.

The Board sets policies and enters into contracts and may serve in a judicial capacity to resolve disputes involving the organization. The Board 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 Service Center 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 Service Center 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 2007.

## **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’s staff works mainly with teachers in two related areas: consultation and development. Their main emphasis is on helping teachers maintain and improve their instructional skills. The vehicles used are consultation, workshops, and conferences. The tools used are demonstrations of new methods and materials, on site consultations, workshops on specific topics and/or for a specific school, assistance in textbook selection, course of study development, implementation of state standards and educational innovations. The staff development opportunities provided to teachers, through the office, are among the most comprehensive in the State.

With the support of the State Legislature, the Service Center 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 Service Center, in collaboration with 18 school districts, 3 universities and other public and parochial partners, was the recipient of a United States Department of Educational “Technology Learning 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 titled *The NEW<sup>3</sup> Project*. An extension to finish the grant was given until December 2001. With the end of the grant, we find that our partnership with the University of Akron has been strengthened. We will continue to provide leadership training through the University of Akron, 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 Service Center 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 the Service Center for Leadership in School Reform System Standards. Analysis of Proficiency Test data is also a major component of the Service Center’s efforts in this area. New services are also being developed to assist districts in this process.

The Service Center 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 charges or delivery charges for the seven local and nine affiliate districts. All other users pay a modest rental fee and a delivery fee to cover the cost of postage. Teachers and administrators may call the office to book materials or access the MediaNet through the World Wide Web at <http://hcca0.hcca.ohio.gov>.

### **Pupil Personnel**

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

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

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 Service Center. To that end, the Service Center provides an array of services that some or all districts use. These include: a courier to and from all district central offices; school bus driver physicals, license checks & 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 Service Center's cooperative and regional approach. Through this approach, the Service Center has the capacity to facilitate and manage projects in a manner that would not be otherwise possible. The \$6.8 million Federal Challenge Grant is an example of one major benefit of this approach. Some of the other vital benefits are the Service Center's ability to: 1) serve as a neutral convener; 2) provide consortium/partnerships formation and facilitation; 3) provide fiscal agency for grants, projects and NEONET (a data acquisition site for school districts) and 4) provide legislative workshops.

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

## **ECONOMIC CONDITION AND OUTLOOK**

Summit County has been historically associated with the rubber industry. Although there has been a steady decrease in the number of hourly workers, there 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 4,400.

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, First Energy (Formerly Ohio Edison Company), Roadway Express, Inc., and Diebold, Inc.

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 11. The national economy is in recession. History shows Summit County has fared favorably in unemployment rates compared to national and state rates. The unemployment rate in 2001 was at 4.3%. The State rate of 4.3% and the National rate of 4.8% were equal to or 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 Steel plant.

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

In summarizing, the County's economy is in a continual recovery from the impact of September 11<sup>th</sup> and a period of stable economic growth is expected.

## **FINANCIAL INFORMATION**

### **Accounting System**

This is the first year the Service Center has prepared financial statements following GASB Statement No. 34 “Basic Financial Statements – and Management’s Discussion and Analysis – State and Local Governments”. GASB Statement No. 34 creates new basic financial statements for reporting on the Service Center’s financial activities as follows:

*Government-wide financial statements* - These statements are prepared on the accrual basis of accounting, which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the Service Center that are governmental and those that are considered business type activities.

*Fund financial statements* - These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

*Statement of budgetary comparison* – This statement presents a comparison of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, cash disbursements and encumbrances.

As determined by criteria established by GASB Statement No. 34, the Service Center does not report any activities that qualify as proprietary or business type activities. As part of this new reporting model, management is also responsible for preparing a discussion and analysis of the Service Center. This discussion follows the Independent Accountants’ Report, providing an assessment of the Service Center’s finances for fiscal year 2002 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain non-major funds of the Service Center.

### **Internal Controls**

The management of the Service Center is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Service Center are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with 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 Service Center is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the Service Center and annual reviews by the Service Center’s independent auditors.



## **Budgetary Controls**

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

## **CASH MANAGEMENT**

The Service Center's approach to the cash management program has been more aggressive during 2001-2002 with the use of certificates of deposit. Due to very poor interest rates, certificates of deposit have been invested for very short periods of time. Shorter certificates of deposit have had the best interest rates available. Total amount of interest earned was \$125,806.

Protection of the Service Center's cash and investments is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all 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 monies deposited in a financial institution. A detailed description of the Service Center's investment functions is described in Note 5 to the basic financial statements.

## **RISK MANAGEMENT**

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

The Service Center offers health and dental insurance benefits to full time employees and pays 80% of the insurance rate. The Service Center belongs to the Stark County Schools Council of Government (COG) Health Plan. The COG holds the assets of the plan. The Service Center pays a monthly premium to the plan and shares in ownership. The plan is fully funded and the Service Center is not at risk.

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

## **PENSION PLANS**

The statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS) covers all Service Center employees. The Service Center's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the Service Center to pay the employer share as determined by each retirement system, currently 14%. The Service Center's contributions in 2002 were \$494,124 and \$300,156 to STRS and SERS, respectively.

## **OTHER INFORMATION**

### *Independent Audit*

Provisions of State statute require the Service Center's financial statements to be subjected to an annual examination by the Auditor of State. 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. The Auditor of State of the Ohio's Office performed the audit for the period ended June 30, 2002. The auditor's unqualified opinion rendered on the Service Center's basic financial statements, and their report on the combining and individual fund statements and schedules, is included in the financial section of this CAFR.

### *GFOA Certificate of Achievement*

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the Service Center for its fiscal year ended June 30, 2001 CAFR. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, 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 standards required by the Certificate of Achievement program.

### *Acknowledgments*

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

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

Respectfully Submitted,



Patrick Corbett  
Superintendent



Sondra Clevenger  
Chief Fiscal Officer

***Summit County Educational Service Center***  
**Public Officials Roster**  
**Year Ended June 30, 2002**

Board of Education

Ms. Jennifer Troyer	President
Ms. Alyce Altwies	Vice President
Ms. Susan Lobalzo	Member
Mr. Dow Wolfe, III	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, 2001

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.



*William Patrick Pate*  
President

*Jeffrey L. Essler*  
Executive Director

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## FINANCIAL SECTION







**Auditor of State  
Betty Montgomery**

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Governors:

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Summit County Educational Service Center, Summit County, (the Center) as of and for the year ended June 30, 2002, which collectively comprise the Center's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Summit County Educational Service Center, Summit County, as of June 30, 2002, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2002, the Center implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2003, on our consideration of the 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.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the Center's basic financial statements. The introductory section, combining and individual nonmajor fund statements and statistical tables are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 17, 2003

**Summit County Educational Service Center**  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2002  
Unaudited

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The discussion and analysis of Summit County Educational Service Center's (the Service Center) financial performance provides an overview of the Service Center's financial activities for the fiscal year ended June 30, 2002. The intent of this discussion and analysis is to look at the financial performance as a whole. Please read it in conjunction with the transmittal letter and the basic financial statements and notes to enhance understanding of the Service Center's financial performance. Since this is the first year of financial presentation under Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", some analyses with prior year data are not available. Future Management Discussion and Analyses will be comparative.

**Financial Highlights**

Key financial highlights for fiscal year 2002 are as follows:

- In total, net assets increased \$226,314. This represents a 6% increase from fiscal year 2001.
- Total assets decreased \$70,576 primarily from a decrease in intergovernmental receivables as a result of improved billing and collection procedures.
- General revenues accounted for \$2,126,304 in revenue, or 28% of all revenues. Program specific revenues, in the form of charges for services and operating grants and contributions accounted for \$5,419,010 or 72% of all revenues.
- The General fund, the Service Center's only major fund, has \$6,355,085 in revenues, or 87% of total governmental revenues and \$6,371,739 in expenditures or 86% of total governmental expenditures. The General fund's balance decreased \$16,654 during 2002.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can easily understand Summit County Educational Service Center's operations and activities as a whole, or as an entire operating entity.

The statement of net assets and the statement of activities (on pages 12 and 13) provide information about the activities of the Service Center, presenting an aggregate view of the finances of the Service Center and a longer-term view of these finances for future spending.

**Summit County Educational Service Center**  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2002  
Unaudited

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**Reporting the Service Center as a Whole**

*Statement of Net Assets and Statement of Activities*

The statement of net assets and the statement of activities answer the question of how did the Summit County Educational Service Center do financially during fiscal year 2002. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by for-profit businesses, financial institutions, and the stockholders of those companies. This basis of accounting takes into consideration all of the current fiscal year's revenues and expenses regardless of when cash was received or paid.

These two statements report net assets and changes in those assets. The change in net assets is valuable in analyzing these statements. These results indicate whether the financial position has improved or diminished. The cause of this change may be the result of many factors. Some factors may be financial while other factors will be non-financial. Non-financial factors include mandated educational programs, as well as locally requested programs.

In the statement of net assets and the statement of activities, the Service Center reports governmental activities. Governmental activities are the activities where most of the Service Center's programs and services are reported including, but not limited to, instruction, support services, and interest and fiscal charges.

**Reporting the Service Center's Most Significant Funds**

*Fund Financial Statements*

The analysis of the Service Center's major fund begins on page 14. Fund financial reports provide detailed information about the Service Center's major fund. The Service Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Service Center's most significant funds. The Service Center's only major governmental fund is the General Fund.

All of the Service Center's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for future periods. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Service Center's operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and in the governmental funds are reconciled in the financial statements.

**The Service Center as a Whole**

The statement of net assets provides the perspective of the Service Center as a whole.

**Summit County Educational Service Center**  
**Management's Discussion and Analysis**  
**For Fiscal Year Ended June 30, 2002**  
**Unaudited**

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Table 1 provides a summary of the Service Center's net assets for 2002 compared to 2001:

*Table 1*  
*Net Assets*

	<u>Governmental Activities</u>	
	<u>2002</u>	<u>2001</u>
<b>Assets</b>		
<i>Current and other assets</i>	\$ 4,710,709	\$ 4,758,025
<i>Depreciable capital assets, net</i>	<u>363,344</u>	<u>386,604</u>
<i>Total assets</i>	5,074,053	5,144,629
<b>Liabilities</b>		
<i>Long-term liabilities</i>	271,971	267,991
<i>Other liabilities</i>	<u>634,344</u>	<u>935,214</u>
<i>Total liabilities</i>	906,315	1,203,205
<b>Net Assets</b>		
<i>Invested in capital assets, net of related debt</i>	332,699	344,723
<i>Restricted</i>	274,906	322,834
<i>Unrestricted</i>	<u>3,560,133</u>	<u>3,273,867</u>
<i>Total net assets</i>	<u>\$ 4,167,738</u>	<u>\$ 3,941,424</u>

Total assets decreased \$70,576 or 1%. Total liabilities decreased \$296,890, or 25%. Total net assets increased \$226,314, or 6%. This net increase can be attributed to a 64% decrease in intergovernmental payables within other liabilities from the timing of SERS/STRS payments made during the current fiscal year.

Table 2 reflects the changes in net assets for fiscal year 2002. Since this is the first year the Service Center has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2001 are not available. In fiscal year 2003, when prior year fiscal information is available, a comparative analysis of government-wide data will be presented.

**Summit County Educational Service Center**  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2002  
Unaudited

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*Table 2*  
*Changes in Net Assets*

	<i>Governmental Activities</i>
<b>Revenues</b>	
<i>Program revenues</i>	
<i>Charges for services</i>	\$ 4,556,946
<i>Operating grants and contributions</i>	862,064
<i>General revenues</i>	
<i>Grants and entitlements</i>	1,963,656
<i>Investment earnings</i>	125,806
<i>Miscellaneous</i>	36,842
<i>Total revenues</i>	7,545,314
 <b>Program Expenses</b>	
<i>Instruction</i>	
<i>Regular</i>	58,807
<i>Special</i>	1,900,754
<i>Vocational</i>	177,566
<i>Support services</i>	
<i>Pupils</i>	1,779,513
<i>Instructional staff</i>	1,932,347
<i>Board of governors</i>	19,352
<i>Administration</i>	566,137
<i>Fiscal</i>	206,014
<i>Business</i>	49,106
<i>Operation and maintenance of plant</i>	168,459
<i>Pupil transportation</i>	11,874
<i>Central</i>	446,710
<i>Interest and fiscal charges</i>	2,361
<i>Total expenses</i>	7,319,000
 <i>Increase in net assets</i>	 \$ 226,314

**Governmental Activities**

A review of Table 2 reflects the total cost of instructional services was \$2,137,127, or 29% of the Service Center's total expenses. Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil. Of these expenses, 100% were funded by charges to member school districts.

Pupils and instructional staff include the activities involved in assisting staff with the content and process of teaching to pupils. This is a major emphasis of the Service Center as the total expenses were \$3,711,860, or 51% as compared to the total expenses of the Service Center. Of these expenses, 52% were funded by charges to member school districts.

**Summit County Educational Service Center**  
**Management's Discussion and Analysis**  
**For Fiscal Year Ended June 30, 2002**  
**Unaudited**

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Board of governors, administration, fiscal and business include expenses associated with administrative and financial supervision of the Service Center.

Operation and maintenance of plant activities involve keeping the office grounds, buildings and equipment in effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as provided by state law.

Central includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges.

The statement of activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. Table 3 indicates the total cost of services and the net cost of services. Comparisons to fiscal year 2001 have not been made since they are not available due to the initial implementation of GASB Statement No. 34.

*Table 3*  
*Governmental Activities*

	<i>Total Cost of Services <u>2002</u></i>	<i>Net Cost of Services <u>2002</u></i>
<b><i>Program Expenses</i></b>		
<i>Instruction</i>		
<i>Regular</i>	\$ 58,807	\$ 174,909
<i>Special</i>	1,900,754	64,334
<i>Vocational</i>	177,566	23
<i>Support services</i>		
<i>Pupils</i>	1,779,513	(583,462)
<i>Instructional staff</i>	1,932,347	(866,568)
<i>Board of governors</i>	19,352	(19,352)
<i>Administration</i>	566,137	(138,736)
<i>Fiscal</i>	206,014	(205,119)
<i>Business</i>	49,106	(49,106)
<i>Operation and maintenance of plant</i>	168,459	(168,459)
<i>Pupil transportation</i>	11,874	(1,723)
<i>Central</i>	446,710	(104,370)
<i>Interest and fiscal charges</i>	<u>2,361</u>	<u>(2,361)</u>
<i>Total expenses</i>	<u>\$ 7,319,000</u>	<u>\$ (1,899,990)</u>

**Summit County Educational Service Center**  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2002  
Unaudited

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At first glance, the net cost of services would indicate the Service Center did not receive resources adequate to cover the costs of programs offered. Under the Service Center's present method of recording revenues, there is insufficient detail to allocate general revenues against the instructional program and the other activities of the Service Center. The total net cost of services \$1,899,990, or 26% of total expenses, was supported by general revenues. It is the intention of the Board of Governors not to over charge the districts served and to utilize the general revenues to offset the cost of programs to member districts.

Overall, the Service Center's financial position improved with an increase in net assets of \$226,314 during the fiscal year. This increase is attributed to an increase in service contracts while being able to maintain expenses in providing those services.

**The Service Center's Funds**

The Service Center's governmental funds are accounted for using the modified accrual basis of accounting. Total revenues and beginning fund balances were \$10,944,617 and expenditures were \$7,406,595, which indicates the Service Center was able to meet current costs.

Fund balances in the General fund decreased by \$16,654 while other governmental funds decreased \$109,060. The decrease in other governmental funds is not considered significant because beginning balances were able to compensate for this negative net change. These dollars will be recouped early in the following fiscal year. The General fund balance decrease of \$16,654 was attributed to payment requirements mandated by the State Teachers Retirement System. In this one year, a double payment was required. The ensuing fiscal year will have a lower cost for the same services due to this cyclical change.

**Budgeting Highlights**

The Service Center's budget is prepared according to the requirements of the State Department of Education, and is based on cash receipts, disbursements, and encumbrances. The Service Center's most significant budgeted fund is the General fund. The General fund, and all other governmental funds, is budgeted at the fund level.

As services provided to the local school districts change during the fiscal year, adjustments are made to the original budget. One example of a need to increase the budget would be an increase in classroom students. Teacher Aides, which had not been budgeted for originally, would be added due to classroom enrollment factors. This type of request generally comes directly from the Superintendent of the school district where the students are served. Additions to personnel are the primary cause for budget revisions and are approved by the Service Center's Board of Governors.

For the General Fund, final budgeted revenues and other financing sources in the amount of \$7,179,628, were above the original budgeted revenues and other financing sources, in the amount of \$6,103,244. The difference of \$1,076,384 is attributed to an unanticipated increase in requests for services from the sixteen local/city school districts.



**Summit County Educational Service Center**  
**Management's Discussion and Analysis**  
**For Fiscal Year Ended June 30, 2002**  
**Unaudited**

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Expenditures and other financing sources were budgeted at \$7,502,959 while actual expenditures were \$6,781,786. The difference of \$721,173 is largely the result of budgeting salaries for twelve-month employee current contracts even though the first two month's actual expenditures will be at the prior year contract amounts. A general over-compensation was made for the cost of health care.

The General Fund's actual revenues and other financing sources exceeded expenditures and other financing uses by \$250,498. The Board of Governors believes this was a good financial position for the fiscal year ended June 30, 2002.

**Capital Assets**

At the end of fiscal year 2002, the Service Center had \$363,344 invested in capital assets. Table 4 reflects fiscal year 2002 balances compared to fiscal year 2001:

*Table 4*  
*Capital Assets at June 30, 2002*  
*(Net of Depreciation)*

	<u>Governmental Activities</u>	
	<u>2002</u>	<u>2001</u>
<i>Furniture and equipments</i>	360,310	377,501
<i>Vehicles</i>	3,034	9,103
<i>Total capital assets</i>	<u>\$ 363,344</u>	<u>\$ 386,604</u>

The Service Center's fiscal year 2003 capital budget calls for it to spend a minimal amount on capital projects. There are just a few printers in line for purchase. See Note 7 to the basic financial statements for detail on the Service Center's capital assets.

**Debt**

At year-end, the Service Center had only capitalized leases as debt. There will be one copier that will need replaced in fiscal 2003. See Note 12 to the basic financial statements for detail on the Service Center's long-term obligations.

**Current Issues**

Amended Substitute House Bill 94 allows County Commissioner's phase out of responsibilities to supply facilities occupied by Service Centers. Previously, the Summit County Council provided office facilities at no cost to the Service Center. The County Council has informed the Service Center that they intend to transfer these costs back to the Board of Governors. The cost is being phased in over a five-year period, with 20%, being charged in fiscal 2003. The cost increases 20% each year until 100% is charged to the Service Center. These costs will ultimately need to flow to the school districts served.

***Summit County Educational Service Center***  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2002  
Unaudited

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On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient. The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**Contacting the Service Center's Financial Management**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Educational Service Center's finances and to show the Service Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Summit County Educational Service Center Treasurer/CFO Office at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio.

## **Basic Financial Statements**

*Summit County Educational Service Center*

Statement of Net Assets

June 30, 2002

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	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 4,051,498
Receivables:	
Accounts	2,877
Intergovernmental	648,657
Accrued interest	479
Prepaid items	1,422
Materials and supplies inventory	5,776
Depreciable capital assets, net	<u>363,344</u>
Total assets	<u>5,074,053</u>
 <u>Liabilities:</u>	
Accounts payable	3,960
Accrued wages	451,353
Intergovernmental payable	179,031
Long-term liabilities:	
Due within one year	87,304
Due in more than one year	<u>184,667</u>
Total liabilities	<u>906,315</u>
 <u>Net assets:</u>	
Invested in capital assets, net of related debt	332,699
Restricted for:	
Other purposes	274,906
Unrestricted	<u>3,560,133</u>
Total net assets	<u>\$ 4,167,738</u>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2002

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$ 58,807	\$ 193,818	\$ 39,898	\$ 174,909
Special	1,900,754	1,811,035	154,053	64,334
Vocational	177,566	175,368	2,221	23
<b>Support services:</b>				
Pupils	1,779,513	1,120,383	75,668	(583,462)
Instructional staff	1,932,347	800,128	265,651	(866,568)
Board of governors	19,352	-	-	(19,352)
Administration	566,137	392,780	34,621	(138,736)
Fiscal	206,014	450	445	(205,119)
Business	49,106	-	-	(49,106)
Operation and maintenance of plant	168,459	-	-	(168,459)
Pupil transportation	11,874	-	10,151	(1,723)
Central	446,710	62,984	279,356	(104,370)
Interest and fiscal charges	2,361	-	-	(2,361)
<b>Total governmental activities</b>	<b>\$ 7,319,000</b>	<b>\$ 4,556,946</b>	<b>\$ 862,064</b>	<b>(1,899,990)</b>
<b>General Revenues:</b>				
Grants and entitlements not restricted to specific programs				1,963,656
Investment earnings				125,806
Miscellaneous				36,842
<b>Total general revenues</b>				<b>2,126,304</b>
Change in net assets				226,314
Net assets beginning of year - (See Note 3)				3,941,424
Net assets end of year				<b>\$ 4,167,738</b>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**

Balance Sheet  
Governmental Funds  
June 30, 2002

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 3,806,111	\$ 245,387	\$ 4,051,498
<u>Receivables:</u>			
Accounts	2,877	-	2,877
Intergovernmental	544,638	104,019	648,657
Interfund	66,525	-	66,525
Accrued interest	479	-	479
Materials and supplies inventory	5,776	-	5,776
Prepaid items	1,422	-	1,422
Total assets	<u>\$ 4,427,828</u>	<u>\$ 349,406</u>	<u>\$ 4,777,234</u>
<u>Liabilities:</u>			
Accounts payable	\$ 3,960	\$ -	\$ 3,960
Accrued wages	446,835	4,518	451,353
Interfund payable	-	66,525	66,525
Intergovernmental payable	160,429	3,457	163,886
Deferred revenue	467,136	86,352	553,488
Total liabilities	<u>1,078,360</u>	<u>160,852</u>	<u>1,239,212</u>
<u>Fund balances:</u>			
Reserved for encumbrances	87,670	30,620	118,290
<u>Unreserved:</u>			
Designated for budget stabilization	148,863	-	148,863
Designated for contingencies	250,000	-	250,000
Undesignated	2,862,935	-	2,862,935
Undesignated, reported in special revenue funds	-	157,934	157,934
Total fund balances	<u>3,349,468</u>	<u>188,554</u>	<u>3,538,022</u>
Total liabilities and fund balances	<u>\$ 4,427,828</u>	<u>\$ 349,406</u>	<u>\$ 4,777,234</u>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 For the Fiscal Year Ended June 30, 2002

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<b>Total governmental funds balances</b>		\$	3,538,022
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			363,344
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:			
Intergovernmental	\$	98,821	
Charges for services		454,667	
Total		553,488	553,488
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and are therefore not reported in the funds.			(15,145)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:			
Compensated absences	\$	(241,326)	
Capital leases		(30,645)	
Total		(271,971)	(271,971)
Net assets of governmental activities		\$	4,167,738

**Summit County Educational Service Center**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2002

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Intergovernmental	\$ 1,951,187	\$ 800,932	\$ 2,752,119
Interest	125,806	-	125,806
Tuition and fees	426,351	-	426,351
Charges for services	3,814,899	124,864	3,939,763
Miscellaneous	36,842	-	36,842
Total revenues	<u>6,355,085</u>	<u>925,796</u>	<u>7,280,881</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	44,316	12,493	56,809
Special	1,683,445	215,504	1,898,949
Vocational	170,473	4,891	175,364
Support services:			
Pupils	1,675,360	99,273	1,774,633
Instructional staff	1,611,196	315,477	1,926,673
Board of governors	19,352	-	19,352
Administration	495,819	83,563	579,382
Fiscal	207,979	1,300	209,279
Business	42,980	-	42,980
Operation and maintenance of plant	219,863	-	219,863
Pupil transportation	-	11,874	11,874
Central	187,359	290,481	477,840
Debt service:			
Principal retirement	11,236	-	11,236
Interest and fiscal charges	2,361	-	2,361
Total expenditures	<u>6,371,739</u>	<u>1,034,856</u>	<u>7,406,595</u>
Net change in fund balances	(16,654)	(109,060)	(125,714)
Fund balances beginning of year - restated (See Note 3)	3,366,122	297,614	3,663,736
Fund balances end of year	<u>\$ 3,349,468</u>	<u>\$ 188,554</u>	<u>\$ 3,538,022</u>

See accompanying notes to the basic financial statements.



**Summit County Educational Service Center**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2002

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<b>Net change in fund balances - total governmental funds</b>	\$	(125,714)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital asset additions	\$ 117,099	
Depreciation expense	<u>(140,359)</u>	
Excess of capital outlay over depreciation expense		(23,260)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:		
Intergovernmental	\$ 73,601	
Charges for services	<u>306,810</u>	
Net change in deferred revenues during the year		380,411
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		11,236
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Increase in compensated absences	\$ (15,216)	
Increase in pension obligation	<u>(1,143)</u>	
Total additional expenditures		<u>(16,359)</u>
Change in net assets of governmental activities	\$	<u><u>226,314</u></u>

**Summit County Educational Service Center**  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2002

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>				
Intergovernmental	\$ 1,826,220	\$ 2,151,267	\$ 1,951,187	\$ (200,080)
Interest	101,869	120,000	126,708	6,708
Tuition and fees	349,671	411,908	420,251	8,343
Charges for services	3,625,946	4,267,543	4,306,437	38,894
Miscellaneous	37,517	38,051	36,842	(1,209)
Total revenues	5,941,223	6,988,769	6,841,425	(147,344)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	40,471	48,031	44,860	3,171
Special	1,577,780	1,872,465	1,736,879	135,586
Vocational	208,642	247,616	195,093	52,523
Support services:				
Pupils	1,628,517	1,932,718	1,765,059	167,659
Instructional staff	1,613,621	1,898,859	1,748,732	150,127
Board of governors	20,401	24,212	16,858	7,354
Administration	555,654	659,448	532,781	126,667
Fiscal	189,653	218,892	207,325	11,567
Business	48,389	57,428	52,682	4,746
Operation and maintenance of plant	205,061	243,366	229,440	13,926
Central	168,457	199,924	185,552	14,372
Total expenditures	6,256,646	7,402,959	6,715,261	687,698
Excess of revenues over (under) expenditures	(315,423)	(414,190)	126,164	540,354
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	1,090	1,284	1,284	-
Advances in	160,931	189,575	189,575	-
Advances out	(84,260)	(100,000)	(66,525)	33,475
Total other financing sources (uses)	77,761	90,859	124,334	33,475
Net change in fund balance	(237,662)	(323,331)	250,498	573,829
Fund balances at beginning of year (restated)	3,395,471	3,395,471	3,395,471	-
Prior year encumbrances appropriated	71,690	71,690	71,690	-
Fund balances at end of year	\$ 3,229,499	\$ 3,143,830	\$ 3,717,659	\$ 573,829

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2002

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<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 1,708,909
Receivables:	
Accounts	24,131
Intergovernmental	15,711
Total assets	<u>\$ 1,748,751</u>
<u>Liabilities:</u>	
Accrued wages	\$ 27,710
Intergovernmental payable	24,908
Undistributed monies	<u>1,696,133</u>
 Total liabilities	 <u>\$ 1,748,751</u>

See accompanying notes to the basic financial statements.

***Summit County Educational Service Center***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

**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 52,453. The Service Center employed 74 certificated employees and 84 non-certificated employees at that date.

**Reporting Entity**

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the Service Center are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Service Center.

Component units are legally separate organizations for which the Service Center is financially accountable. The Service Center is financially accountable for an organization if the Service Center appoints a voting majority of the organizations' governing board and (1) the Service Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Service Center is legally entitled to or can otherwise access the organization's resources; the Service Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Service Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Service Center in that the Service Center approves the budget, the issuance of debt or the levying of taxes. The Service Center does not have any component units.

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 14.

**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. The Service Center's significant accounting policies are described below.

*Summit County Educational Service Center*

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

A. Basis of Presentation

The Service Center's basic financial statements consist of government-wide statements, including a statement of net assets, and statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Service Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the Service Center at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Service Center's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operations of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Service Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Service Center.

Fund Financial Statements

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

B. Fund Accounting

The Service Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Service Center are grouped into two categories: governmental and fiduciary.

Governmental Funds:

Governmental funds are those through which most governmental functions of the Service Center are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The Service Center has one major governmental fund as defined by GASB Statement No. 34:

## ***Summit County Educational Service Center***

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

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.

The other governmental funds of the Service Center account for grants and other resources of the Service Center whose use is restricted for a particular purpose.

#### Proprietary Funds:

Proprietary funds are used to account for the School District's ongoing activities that are similar to those found in the private sector. The School District has no proprietary funds

#### Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Service Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Service Center's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Services Center's only fiduciary funds are agency funds.

#### C. Measurement Focus

##### Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Service Center are included on the statement of net assets.

##### Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reflects on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

#### D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the agency funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

***Summit County Educational Service Center***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 60 days of year-end.

Non-exchange transactions, in which the Service Center receives value without directly giving equal value, in return include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Service Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Service Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest, tuition, fees, grants, and customer services.

Deferred Revenue

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

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

Expenditures/Expenses

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

E. Budgetary Process

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.

***Summit County Educational Service Center***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

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 final budget figures, which appear in the statement of budgetary comparison, 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.

F. Cash and Cash Equivalents

To improve cash management, all cash received by the Service Center is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through Service Center records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to overnight repurchase agreements. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market price. Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Service Center are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. During the fiscal year all investments of the Service Center had a maturity of three months or less.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Within the basic financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

I. Capital Assets

All of the Service Center's capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net assets but are not reported on the fund financial statements.



**Summit County Educational Service Center**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The Service Center maintains a capitalization threshold of \$1,000. The Service Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized

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

<u>Description</u>	<u>Estimated Lives</u>
<i>Furniture and equipment</i>	<i>3 - 20 years</i>
<i>Vehicles</i>	<i>3 - 10 years</i>

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. There were no assets restricted as of fiscal year end.

K. Short-term Interfund Assets/Liabilities

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities columns of the statement of net assets.

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. The Service Center records a liability for accumulated unused vacation time earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Service Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Service Center's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements.

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

***Summit County Educational Service Center***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

N. Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Service Center or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The Service Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Fund Balance Reserves and Designations

The Service Center records reservations and designations 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. Designations were established by board resolutions to account for monies held for contingencies and budget stabilization.

P. Interfund transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses for governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. 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.

R. Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Service Center and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2002.

*Summit County Educational Service Center*

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

A. Changes in accounting principles

For fiscal year 2002, the Service Center has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"; GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". At June 30, 2001, there was no effect on fund balance as a result of implementing GASB Statements No. 37 or No. 38.

GASB Statement No. 34 creates new basic financial statements for reporting on the Service Center's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Fiduciary funds are reported by type.

The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2001, caused by the conversion to the accrual basis of accounting and the reclassification of funds based on the guidance provided in GASB Statement No. 34.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

B. Restatement of fund balance

The restatements for GASB Statement No. 34 and GASB Interpretation No. 6 had the following effects on fund balance of the major and nonmajor funds of the Service Center as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented. In addition, a restatement of general fund balance was necessary due to a misstatement in the prior fiscal year's intergovernmental receivable.

**Summit County Educational Service Center**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

	<u>General</u>	<u>Non- Major</u>	<u>Total</u>
<i>Fund balances,</i>			
<i>June 30, 2001</i>	\$ 3,617,874	\$ 330,989	\$ 3,948,863
<i>Fund reclassification</i>	16,114	(33,375)	(17,261)
<i>Interpretation No. 6</i>			
<i>Compensated absences</i>	17,502	-	17,502
<i>Overstatement of receivables</i>	<u>(285,368)</u>	<u>-</u>	<u>(285,368)</u>
<i>Adjusted fund balances,</i>			
<i>June 30, 2001</i>	<u>\$ 3,366,122</u>	<u>\$ 297,614</u>	3,663,736

*GASB 34 Adjustments:*

<i>Capital assets</i>	386,604
<i>Long-term liabilities</i>	(267,991)
<i>Intergovernmental payable</i>	(14,002)
<i>Long-term (deferred) assets</i>	<u>173,077</u>
<i>Governmental activities net assets, June 30, 2001</i>	<u>\$ 3,941,424</u>

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the Service Center is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, presented for the general 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 for the general fund.

**Summit County Educational Service Center**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

*Net Change in Fund Balance*

	<u>General</u>
<i>GAAP Basis</i>	\$ (16,654)
<i>Revenue accruals</i>	677,199
<i>Expenditure accruals</i>	(321,592)
<i>Encumbrances (Budget Basis)</i>	
<i>Outstanding at year end</i>	<u>(88,455)</u>
<i>Budget Basis</i>	<u>\$ 250,498</u>

**NOTE 5 - 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 monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts. Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury Bills, Notes, Bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed 30 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;

***Summit County Educational Service Center***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period of 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

A. Deposits:

At fiscal year-end, the carrying amount of the Service Center's deposits was \$370,407, and the bank balance was \$519,585. Of the bank balance, \$119,585 was covered by federal depository insurance. \$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.

B. 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 custodial credit risk. Category 1 includes investments that are insured or registered or for which the Service Center, or its agent, in the Service Center's name, holds the securities. Category 2 includes uninsured and unregistered investments, which are held by the counter party'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 counter party, 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 2002 amounted to \$125,806, which includes \$43,337 assigned from other Service Center funds.

The Service Center's investment at year-end consisted of an overnight repurchase agreement. It is a Category 3 investment, with a fair value of \$5,390,000.

**Summit County Educational Service Center**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

**NOTE 6 - RECEIVABLES**

Receivables at year-end consisted of accounts, interfund, intergovernmental (grants and entitlements and charges for services provided to other governments) and accrued interest. All receivables are considered collectible in full due to the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<i>General fund</i>	\$ 544,638
<u><i>Special revenue funds</i></u>	
<i>Miscellaneous State Grants</i>	37,500
<i>Eisenhower</i>	27,929
<i>EHA Preschool Grant</i>	26,539
<i>Miscellaneous Federal Grants</i>	<u>12,051</u>
<i>Total intergovernmental receivables</i>	<u>\$ 648,657</u>

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2002, was as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2002</u>
<i>Capital assets, being depreciated:</i>				
<i>Furniture and equipment</i>	\$ 964,421	\$ 117,099	\$ -	\$ 1,081,520
<i>Vehicles</i>	<u>18,207</u>	<u>-</u>	<u>-</u>	<u>18,207</u>
<i>Total capital assets, being depreciated</i>	<u>982,628</u>	<u>117,099</u>	<u>-</u>	<u>1,099,727</u>
 <i>Less: Accumulated depreciation</i>				
<i>Furniture and equipment</i>	(586,920)	(134,290)	-	(721,210)
<i>Vehicles</i>	<u>(9,104)</u>	<u>(6,069)</u>	<u>-</u>	<u>(15,173)</u>
<i>Total accumulated depreciation</i>	<u>(596,024)</u>	<u>(140,359)</u>	<u>-</u>	<u>(736,383)</u>
 <i>Total capital assets being depreciated, net</i>	<u>386,604</u>	<u>(23,260)</u>	<u>-</u>	<u>363,344</u>
 <i>Governmental activities capital assets, net</i>	<u>\$ 386,604</u>	<u>\$ (23,260)</u>	<u>\$ -</u>	<u>\$ 363,344</u>

**Summit County Educational Service Center**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
<i>Regular</i>	\$ 2,076
<i>Special</i>	9,324
<i>Vocational</i>	5,110
<i>Support services:</i>	
<i>Instructional staff</i>	68,779
<i>Administration</i>	453
<i>Fiscal</i>	1,251
<i>Business</i>	6,069
<i>Operation and maintenance of plant</i>	46,557
<i>Central</i>	740
	<u>\$ 140,359</u>

**NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES**

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

	<i>Interfund Payable</i>	<i>Interfund Receivable</i>
<i>General fund</i>	\$ 66,525	\$ -
<i>Non-major governmental funds</i>	-	66,525
<i>Total</i>	<u>\$ 66,525</u>	<u>\$ 66,525</u>

All interfund loans made during the year were to cover cash deficits. As of June 30, 2002, all interfund loans outstanding are anticipated to be repaid in fiscal year 2003.

**NOTE 9 - RISK MANAGEMENT**

The Service Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year, the Service Center contracted for the following insurance coverage:



**Summit County Educational Service Center**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

<u>Comprehensive General Liability</u>	<u>Coverage Amount</u>
<i>Per occurrence (\$1,000 Deductible)</i>	\$ 1,000,000
<i>Total per year</i>	5,000,000
<i>Business Auto (\$250 Deductible)</i>	1,000,000
<u>Public Officials Bonds</u>	
<i>Treasurer</i>	100,000
<u>Education Liability</u>	
<i>Per occurrence</i>	1,000,000
<i>Total per year</i>	5,000,000
<u>Other Coverage</u>	
<i>Fire Damage</i>	50,000

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 of Government ("Council") for the purpose of obtaining benefits at a reduced premium for health care. Mutual Health Services Company and the Aultcare Corporation administer the insurance program for health care. Payments are made to the Council for monthly premiums, monthly stop-loss premiums, and administrative charges. The fiscal agent of the Council is the Stark County Educational Service Center. The fiscal agent pays Mutual Health Services and the Aultcare Corporation monthly for all participating districts, the actual amount of claims processed, the stop-loss premium, and the administrative charges.

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 10 - 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

***Summit County Educational Service Center***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

Plan members are required to contribute 9% of their annual covered salary and the Service Center is required to contribute an actuarially determined rate of 14% of annual covered payroll, which includes 5.46% for pension obligations. 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, 2002, 2001, and 2000 were \$111,154, \$77,742, and \$80,888, respectively; 76% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$26,377 representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds.

**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 or by calling (614) 227-4090.

Plan members are required to contribute 9.3% of their annual covered salary and the Service Center is required to contribute an actuarially determined rate of 14% of annual covered payroll, which includes 9.5% for pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The Service Center's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$335,298, \$281,056, and \$260,177, respectively; 85% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$50,446, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**NOTE 11 - 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 14% of covered payroll. The retirement board currently allocates employer contributions equal to 4.5% 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 \$158,826 during the 2002 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$3.256 billion at June 30, 2001, (latest information available). For the year ended June 30, 2001, the net health care costs paid by the STRS were \$300,772,000 and eligible benefit recipients totaled 102,132.

**Summit County Educational Service Center**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

For the School Employees Retirement System (SERS), coverage is made available to service retirees with 10 or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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 75% of the premium. For this fiscal year, employer contributions to fund health care benefits were 8.54% of covered payroll, a 1.26% decrease from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% 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 \$189,002, which includes a surcharge of \$15,145 during the 2002 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, 2002, (latest information available) were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, the SERS's net assets available for payment of health care benefits was \$335.2 million. The number of participants receiving health care benefits was approximately 50,000.

**NOTE 12 - LONG TERM OBLIGATIONS**

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

<u>Governmental Activities</u>	<i>Restated Balance July 1</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance June 30</i>	<i>Amounts due within one year</i>
<i>Compensated absences</i>	\$ 226,110	\$ 241,326	\$ (226,110)	\$ 241,326	\$ 76,722
<i>Capital leases</i>	<u>41,881</u>	<u>-</u>	<u>(11,236)</u>	<u>30,645</u>	<u>10,582</u>
<i>Total governmental activities long-term liabilities</i>	<u>\$ 267,991</u>	<u>\$ 241,326</u>	<u>\$ (237,346)</u>	<u>\$ 271,971</u>	<u>\$ 87,304</u>

The Service Center's beginning long-term compensated absences liability decreased \$954 from \$227,064 to \$226,110. This change was caused by the net effect of implementing GASB Interpretation No. 6, and the exclusion of agency fund compensated absences as compared to fiscal year 2001. Compensated absences will be paid from the fund in which the employee is paid. Capital leases will be paid from the general fund.

**Summit County Educational Service Center**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

The Service Center has entered into capitalized leases for the acquisition of a van 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 basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been capitalized in the amount of \$132,071; this amount is equal to the present value of the future minimum lease payments at the time of acquisition in the government-wide financial statements.

Principal payments in the current fiscal year totaled \$11,236. 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.

<i>Fiscal Year</i>	<i>Lease Payments</i>
2003	\$ 12,250
2004	8,211
2005	8,211
2006	<u>5,474</u>
<i>Total minimum lease payments</i>	<i>34,146</i>
<i>Less: amount representing interest</i>	<i><u>(3,501)</u></i>
<i>Present value of minimum lease payments</i>	<i><u>\$ 30,645</u></i>

**NOTE 14 - JOINTLY GOVERNED ORGANIZATION**

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 15 - 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.

**Summit County Educational Service Center**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2002

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 December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient. The Service Center is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**NOTE 16 - FUND DEFICITS**

As of June 30, 2002, several funds had a deficit fund balance. These deficits were caused by the application of generally accepted accounting principles. The general fund provides advances to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following special revenue funds had deficits at year-end:

<i>Fund</i>	<i>Amount</i>
<i>Management Information Systems</i>	\$ 21
<i>Eisenhower Grant</i>	18,666
<i>Miscellaneous State Grants</i>	25,271

**NOTE 17 – SUBSEQUENT EVENT**

The Service Center (the "Lessee") has entered into an operating lease, for a 10-year period commencing on July 1, 2002. The lease is with the Cuyahoga Falls City School District Board of Education (the "Lessor") for facilities to house the offices and functions of the Service Center. The annual sum of lease payments will total \$98,247, which will be made in monthly installments of \$8,187.25. Either party upon one year's advance written notice, with the termination date being June 30, can initiate the early termination of this lease. However, the Lessor agrees that it shall not have the right to terminate the lease until the beginning of the third year of the lease.

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**Combining Statements and  
Individual Fund Schedules**

## **Combining Statements – Nonmajor Funds**

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### **Nonmajor Special Revenue Funds**

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

#### Other Local

To account for funds received from individuals and member districts, in which there are no trust agreements, to be used for preschool field trips, math in-services and continuous improvement projects.

#### Miscellaneous Local Grants

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

#### 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.

#### Data Communications

To account for state monies received to provide Ohio Educational Computer Network connections.

#### 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.

## **Agency Funds**

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

### Service Center Agency

To account for those assets held by the Service Center for School Districts that participate in a variety of programs. Control of these funds rests solely with the members of each program. The Service Center acts as the fiscal agent of the funds.

### NEONET

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

### Employee Benefits

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

**Summit County Educational Service Center**

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2002

	Other Local	Miscellaneous Local Grants	Excellence in Education	Management Information Systems	Public School Preschool
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 156,107	\$ 36,740	\$ -	\$ -	\$ 32,092
<u>Receivables:</u>					
Intergovernmental	-	-	-	-	-
Total assets	<u>\$ 156,107</u>	<u>\$ 36,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,092</u>
 <u>Liabilities and fund balances:</u>					
<u>Liabilities:</u>					
Accrued wages	\$ -	\$ 4,518	\$ -	\$ -	\$ -
Interfund payable	-	7,650	-	-	-
Intergovernmental payable	-	1,527	-	21	283
Deferred revenue	-	-	-	-	-
Total liabilities	-	<u>13,695</u>	-	<u>21</u>	<u>283</u>
 <u>Fund balances:</u>					
Reserved for encumbrances	-	19,731	-	-	165
Unreserved, undesignated, reported in special revenue funds	<u>156,107</u>	<u>3,314</u>	<u>-</u>	<u>(21)</u>	<u>31,644</u>
Total fund balances (deficits)	<u>156,107</u>	<u>23,045</u>	<u>-</u>	<u>(21)</u>	<u>31,809</u>
Total liabilities and fund balances	<u>\$ 156,107</u>	<u>\$ 36,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,092</u>

<u>Data Communications</u>	<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 Nonmajor Special Revenue Funds</u>
\$ 3,500	\$ 895	\$ 209	\$ 9,219	\$ 298	\$ 6,327	\$ 245,387
-	-	37,500	27,929	26,539	12,051	104,019
<u>\$ 3,500</u>	<u>\$ 895</u>	<u>\$ 37,709</u>	<u>\$ 37,148</u>	<u>\$ 26,837</u>	<u>\$ 18,378</u>	<u>\$ 349,406</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,518
-	-	24,399	27,885	6,591	-	66,525
-	-	1,081	-	545	-	3,457
-	-	37,500	27,929	8,872	12,051	86,352
-	-	62,980	55,814	16,008	12,051	160,852
-	140	211	9,220	298	855	30,620
3,500	755	(25,482)	(27,886)	10,531	5,472	157,934
3,500	895	(25,271)	(18,666)	10,829	6,327	188,554
<u>\$ 3,500</u>	<u>\$ 895</u>	<u>\$ 37,709</u>	<u>\$ 37,148</u>	<u>\$ 26,837</u>	<u>\$ 18,378</u>	<u>\$ 349,406</u>

**Summit County Educational Service Center**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2002

	Other Local	Miscellaneous Local Grants	Excellence in Education	Management Information Systems	Public School Preschool
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ 111,148	\$ -	\$ 3,000	\$ 169,461
Charges for services	2,024	122,840	-	-	-
Total revenues	<u>2,024</u>	<u>233,988</u>	<u>-</u>	<u>3,000</u>	<u>169,461</u>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	-	-	-	-	-
Special	1,695	65,832	-	-	116,180
Vocational	-	3,789	-	-	-
<b>Support services:</b>					
Pupils	-	22,449	1,611	-	69,310
Instructional staff	-	69,070	-	-	-
Administration	-	82,482	-	-	-
Fiscal	-	1,300	-	-	-
Pupil transportation	-	-	-	-	11,874
Central	-	48,637	-	2,990	1,000
Total expenditures	<u>1,695</u>	<u>293,559</u>	<u>1,611</u>	<u>2,990</u>	<u>198,364</u>
Net change in fund balances	329	(59,571)	(1,611)	10	(28,903)
Fund balances (deficit), beginning of year (restated)	<u>155,778</u>	<u>82,616</u>	<u>1,611</u>	<u>(31)</u>	<u>60,712</u>
Fund balances (deficit), end of year	<u>\$ 156,107</u>	<u>\$ 23,045</u>	<u>\$ -</u>	<u>\$ (21)</u>	<u>\$ 31,809</u>

<u>Data Communications</u>	<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 Nonmajor Special Revenue Funds</u>
\$ 3,500	\$ 1,000	\$ 47,500	\$ 11,969	\$ 54,261	\$ 399,093	\$ 800,932
-	-	-	-	-	-	124,864
<u>3,500</u>	<u>1,000</u>	<u>47,500</u>	<u>11,969</u>	<u>54,261</u>	<u>399,093</u>	<u>925,796</u>
-	-	-	12,493	-	-	12,493
-	-	-	-	31,797	-	215,504
-	-	-	-	-	1,102	4,891
-	-	-	-	5,903	-	99,273
-	1,105	72,385	30,684	-	142,233	315,477
-	-	1,081	-	-	-	83,563
-	-	-	-	-	-	1,300
-	-	-	-	-	-	11,874
-	-	-	-	-	237,854	290,481
<u>-</u>	<u>1,105</u>	<u>73,466</u>	<u>43,177</u>	<u>37,700</u>	<u>381,189</u>	<u>1,034,856</u>
3,500	(105)	(25,966)	(31,208)	16,561	17,904	(109,060)
-	1,000	695	12,542	(5,732)	(11,577)	297,614
<u>\$ 3,500</u>	<u>\$ 895</u>	<u>\$ (25,271)</u>	<u>\$ (18,666)</u>	<u>\$ 10,829</u>	<u>\$ 6,327</u>	<u>\$ 188,554</u>

**Summit County Educational Service Center**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2002

	Restated Beginning Balance June 30, 2001	Additions	Deductions	Ending Balance June 30, 2002
<b><u>Service Center Agency</u></b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 114,594	\$ -	\$ 16,532	\$ 98,062
<u>Liabilities:</u>				
Undistributed monies	\$ 114,594	\$ -	\$ 16,532	\$ 98,062
<b><u>NEONET</u></b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,652,372	\$ -	\$ 59,790	\$ 1,592,582
Accounts receivable	-	24,131	-	24,131
Intergovernmental receivable	27,297	15,711	27,297	15,711
Total assets	\$ 1,679,669	\$ 39,842	\$ 87,087	\$ 1,632,424
<u>Liabilities:</u>				
Accrued wages	\$ 19,244	\$ 27,710	\$ 19,244	\$ 27,710
Compensated absences payable	6,919	-	6,919	-
Intergovernmental payable	8,694	6,643	8,694	6,643
Undistributed monies	1,644,812	-	46,741	1,598,071
Total liabilities	\$ 1,679,669	\$ 34,353	\$ 81,598	\$ 1,632,424
<b><u>Employee Benefits</u></b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 17,736	\$ 529	\$ -	\$ 18,265
<u>Liabilities:</u>				
Intergovernmental payable	\$ 17,736	\$ 529	\$ -	\$ 18,265
<b><u>Total Agency Funds</u></b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,784,702	\$ 529	\$ 76,322	\$ 1,708,909
Accounts receivable	-	24,131	-	24,131
Intergovernmental receivable	27,297	15,711	27,297	15,711
Total assets	\$ 1,811,999	\$ 40,371	\$ 103,619	\$ 1,748,751
<u>Liabilities:</u>				
Accrued wages	\$ 19,244	\$ 27,710	\$ 19,244	\$ 27,710
Compensated absences payable	6,919	-	6,919	-
Intergovernmental payable	26,430	7,172	8,694	24,908
Undistributed monies	1,759,406	-	63,273	1,696,133
Total liabilities	\$ 1,811,999	\$ 34,882	\$ 98,130	\$ 1,748,751

**Individual Fund Schedules of Revenues,  
Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Basis) and Actual**

**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>Revenues:</b>			
Intergovernmental	\$ 2,151,267	\$ 1,951,187	\$ (200,080)
Interest	120,000	126,708	6,708
Tuition and fees	411,908	420,251	8,343
Charges for services	4,267,543	4,306,437	38,894
Miscellaneous	38,051	36,842	(1,209)
<b>Total revenues</b>	<b>6,988,769</b>	<b>6,841,425</b>	<b>(147,344)</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
<b>Regular:</b>			
Salaries and wages	30,825	30,657	168
Fringe benefits	5,158	4,859	299
Purchased services	1,640	1,640	-
Materials and supplies	10,408	7,704	2,704
<b>Total regular</b>	<b>48,031</b>	<b>44,860</b>	<b>3,171</b>
<b>Special:</b>			
Salaries and wages	1,368,388	1,305,370	63,018
Fringe benefits	459,516	414,648	44,868
Purchased services	43,777	16,252	27,525
Materials and supplies	784	609	175
<b>Total special</b>	<b>1,872,465</b>	<b>1,736,879</b>	<b>135,586</b>
<b>Vocational:</b>			
Salaries and wages	164,243	132,437	31,806
Fringe benefits	55,665	53,418	2,247
Purchased services	14,308	6,646	7,662
Materials and supplies	8,300	2,592	5,708
Capital outlay - new	5,100	-	5,100
<b>Total vocational</b>	<b>247,616</b>	<b>195,093</b>	<b>52,523</b>
<b>Total instruction</b>	<b>2,168,112</b>	<b>1,976,832</b>	<b>191,280</b>
<b>Support services:</b>			
<b>Pupils:</b>			
Salaries and wages	1,172,557	1,145,009	27,548
Fringe benefits	387,358	363,147	24,211
Purchased services	356,856	249,382	107,474
Materials and supplies	15,947	7,521	8,426
<b>Total pupils</b>	<b>1,932,718</b>	<b>1,765,059</b>	<b>167,659</b>



**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>Instructional staff:</b>			
Salaries and wages	1,212,541	1,183,710	28,831
Fringe benefits	339,249	338,070	1,179
Purchased services	271,347	173,501	97,846
Materials and supplies	62,807	42,216	20,591
Capital outlay - new	6,685	6,239	446
Other	6,230	4,996	1,234
<b>Total instructional staff</b>	<b>1,898,859</b>	<b>1,748,732</b>	<b>150,127</b>
<b>Board of governors:</b>			
Salaries and wages	8,320	5,040	3,280
Fringe benefits	2,430	793	1,637
Purchased services	6,358	4,452	1,906
Materials and supplies	250	219	31
Other	6,854	6,354	500
<b>Total Board of governors</b>	<b>24,212</b>	<b>16,858</b>	<b>7,354</b>
<b>Administration:</b>			
Salaries and wages	291,122	280,836	10,286
Fringe benefits	93,586	89,475	4,111
Purchased services	269,389	157,875	111,514
Materials and supplies	1,299	743	556
Capital outlay - new	200	-	200
Other	3,852	3,852	-
<b>Total administration</b>	<b>659,448</b>	<b>532,781</b>	<b>126,667</b>
<b>Fiscal:</b>			
Salaries and wages	129,263	129,212	51
Fringe benefits	46,032	43,628	2,404
Purchased services	1,600	535	1,065
Materials and supplies	1,659	1,245	414
Capital outlay - new	4,727	4,727	-
Other	35,611	27,978	7,633
<b>Total fiscal</b>	<b>218,892</b>	<b>207,325</b>	<b>11,567</b>
<b>Business:</b>			
Salaries and wages	9,064	7,842	1,222
Fringe benefits	1,553	1,320	233
Purchased services	11,648	11,322	326
Materials and supplies	28,663	26,812	1,851
Capital outlay - new	6,500	5,386	1,114
<b>Total business</b>	<b>57,428</b>	<b>52,682</b>	<b>4,746</b>

(Continued)

**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
Operation and maintenance of plant:			
Purchased services	48,216	42,444	5,772
Materials and supplies	4,468	4,063	405
Capital outlay - new	190,682	182,933	7,749
Total operation and maintenance of plant	243,366	229,440	13,926
Central:			
Salaries and wages	123,448	123,118	330
Fringe benefits	26,094	25,633	461
Purchased services	49,638	36,060	13,578
Materials and supplies	744	741	3
Total central	199,924	185,552	14,372
Total support services	5,234,847	4,738,429	496,418
Total expenditures	7,402,959	6,715,261	687,698
Excess of revenues over (under) expenditures	(414,190)	126,164	540,354
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	1,284	1,284	-
Advances in	189,575	189,575	-
Advances out	(100,000)	(66,525)	33,475
Total other financing sources (uses)	90,859	124,334	33,475
Net change in fund balance	(323,331)	250,498	573,829
Fund balance at beginning of year (restated)	3,395,471	3,395,471	-
Prior year encumbrances appropriated	71,690	71,690	-
Fund balance at end of year	\$ 3,143,830	\$ 3,717,659	\$ 573,829

**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
Other Local Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>			
Charges for services	\$ 1,114	\$ 2,024	\$ 910
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Purchased services	1,700	1,695	5
Support services:			
Instructional staff:			
Purchased services	16	-	16
Central:			
Purchased services	146,004	-	146,004
Materials and supplies	7	-	7
Capital outlay - new	9,166	-	9,166
Total central	155,177	-	155,177
Total support services	155,193	-	155,193
Total expenditures	156,893	1,695	155,198
Net change in fund balance	(155,779)	329	156,108
Fund balance at beginning of year (restated)	155,779	155,779	-
Fund balance at end of year	\$ -	\$ 156,108	\$ 156,108

**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
Miscellaneous Local Grants Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>			
Intergovernmental	\$ 182,262	\$ 156,174	\$ (26,088)
Charges for services	202,603	130,563	(72,040)
Total revenues	<u>384,865</u>	<u>286,737</u>	<u>(98,128)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	63,328	58,809	4,519
Fringe benefits	10,344	8,847	1,497
Materials and supplies	240	240	-
Total special	<u>73,912</u>	<u>67,896</u>	<u>6,016</u>
Vocational:			
Purchased services	3,789	3,789	-
Total instruction	<u>77,701</u>	<u>71,685</u>	<u>6,016</u>
Support services:			
Pupils:			
Purchased services	24,843	22,670	2,173
Instructional staff:			
Salaries and wages	23,508	23,508	-
Fringe benefits	4,015	3,759	256
Purchased services	57,721	52,221	5,500
Materials and supplies	13,066	10,063	3,003
Other	2,500	2,500	-
Total instructional staff	<u>100,810</u>	<u>92,051</u>	<u>8,759</u>
Administration:			
Purchased services	76,220	74,511	1,709
Materials and supplies	1,396	-	1,396
Total administration	<u>77,616</u>	<u>74,511</u>	<u>3,105</u>
Fiscal:			
Other	1,300	1,300	-
Central:			
Purchased services	5,000	5,000	-
Materials and supplies	250	250	-
Capital outlay - new	56,832	43,387	13,445
Total central	<u>62,082</u>	<u>48,637</u>	<u>13,445</u>
Total support services	<u>266,651</u>	<u>239,169</u>	<u>27,482</u>
Total expenditures	<u>344,352</u>	<u>310,854</u>	<u>33,498</u>
Excess of revenues over (under) expenditures	<u>40,513</u>	<u>(24,117)</u>	<u>(64,630)</u>

**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
Miscellaneous Local Grants Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Other financing sources (uses):</u>			
Refund of prior year receipts	(7,971)	(7,971)	-
Advances in	7,650	7,650	-
Advances out	(114,461)	(114,461)	-
Total other financing sources (uses)	(114,782)	(114,782)	-
Net change in fund balance	(74,269)	(138,899)	(64,630)
Fund balance at beginning of year (restated)	66,545	66,545	-
Prior year encumbrances appropriated	89,364	89,364	-
Fund balance at end of year	<u>\$ 81,640</u>	<u>\$ 17,010</u>	<u>\$ (64,630)</u>

**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
Excellence in Education Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>			
Intergovernmental	\$ 2,183	\$ -	\$ (2,183)
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils:			
Materials and supplies	2,183	2,183	-
Net change in fund balance	-	(2,183)	(2,183)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	2,183	2,183	-
Fund balance at end of year	<u>\$ 2,183</u>	<u>\$ -</u>	<u>\$ (2,183)</u>

**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
Management Information Systems Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>			
Intergovernmental	\$ 3,000	\$ 3,000	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Central:			
Salaries and wages	3,000	3,000	-
Net change in fund balance	-	-	-
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 (Non-GAAP Basis) and Actual  
Public School Preschool Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>			
Intergovernmental	\$ 392,630	\$ 169,461	\$ (223,169)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	165,537	64,593	100,944
Fringe benefits	41,163	10,739	30,424
Purchased services	4,000	796	3,204
Materials and supplies	30,333	17,619	12,714
Capital outlay - new	15,764	15,764	-
Total instruction	256,797	109,511	147,286
Support services:			
Pupils:			
Purchased services	110,005	69,310	40,695
Pupil transportation:			
Purchased services	24,279	11,874	12,405
Central:			
Purchased services	2,000	1,000	1,000
Total support services	136,284	82,184	54,100
Total expenditures	393,081	191,695	201,386
Excess of revenues under expenditures	(451)	(22,234)	(21,783)
<u>Other financing uses:</u>			
Refund of prior year receipts	(7,124)	(7,124)	-
Net change in fund balance	(7,575)	(29,358)	(21,783)
Fund balance at beginning of year	7,576	7,576	-
Prior year encumbrances appropriated	53,708	53,708	-
Fund balance at end of year	\$ 53,709	\$ 31,926	\$ (21,783)



**Summit County Educational Service Center**  
 Schedule of Revenues, Expenditures and Changes in Fund Balance-  
 Budget (Non-GAAP Basis) and Actual  
 Data Communications Fund  
 For the Fiscal Year Ended June 30, 2002

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	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>			
Intergovernmental	\$ 3,500	\$ 3,500	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Net change in fund balance	3,500	3,500	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 3,500	\$ 3,500	\$ -

**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
SchoolNet Professional Development Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>			
Intergovernmental	\$ 2,000	\$ 1,000	\$ (1,000)
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Purchased services	2,000	1,245	755
Net change in fund balance	-	(245)	(245)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	1,000	1,000	-
Fund balance at end of year	<u>\$ 1,000</u>	<u>\$ 755</u>	<u>\$ (245)</u>

**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
Miscellaneous State Grants Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>			
Intergovernmental	\$ 61,654	\$ 47,500	\$ (14,154)
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Purchased services	80,475	68,660	11,815
Materials and supplies	4,625	3,339	1,286
Total expenditures	85,100	71,999	13,101
Excess of revenues under expenditures	(23,446)	(24,499)	(1,053)
<u>Other financing sources (uses):</u>			
Refund of prior year receipts	(953)	(953)	-
Advances in	24,399	24,399	-
Total other financing sources (uses)	23,446	23,446	-
Net change in fund balance	-	(1,053)	(1,053)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	1,053	1,053	-
Fund balance at end of year	\$ 1,053	\$ -	\$ (1,053)

**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
Eisenhower Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>			
Intergovernmental	\$ 13,772	\$ 11,969	\$ (1,803)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	6,179	6,179	-
Materials and supplies	6,363	6,363	-
Total instruction	12,542	12,542	-
Support services:			
Instructional staff:			
Purchased services	34,713	34,713	-
Materials and supplies	3,485	3,442	43
Other	1,700	1,700	-
Total support services	39,898	39,855	43
Total expenditures	52,440	52,397	43
Excess of revenues under expenditures	(38,668)	(40,428)	(1,760)
<u>Other financing sources:</u>			
Advances in	27,885	27,885	-
Net change in fund balance	(10,783)	(12,543)	(1,760)
Fund balance at beginning of year	10,784	10,784	-
Prior year encumbrances appropriated	1,759	1,759	-
Fund balance at end of year	\$ 1,760	\$ -	\$ (1,760)

**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
EHA Preschool Grant Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>			
Intergovernmental	\$ 58,037	\$ 36,594	\$ (21,443)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	36,532	26,266	10,266
Fringe benefits	5,607	3,822	1,785
Materials and supplies	6,404	1,816	4,588
Total instruction	48,543	31,904	16,639
Support services:			
Pupils:			
Salaries and wages	7,830	4,989	2,841
Fringe benefits	1,382	914	468
Total support services	9,212	5,903	3,309
Total expenditures	57,755	37,807	19,948
Excess of revenues over (under) expenditures	282	(1,213)	(1,495)
<u>Other financing sources (uses):</u>			
Advances in	6,591	6,591	-
Advances out	(6,873)	(6,873)	-
Total other financing sources (uses)	(282)	(282)	-
Net change in fund balance	-	(1,495)	(1,495)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	1,495	1,495	-
Fund balance at end of year	\$ 1,495	\$ -	\$ (1,495)

**Summit County Educational Service Center**  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget (Non-GAAP Basis) and Actual  
Miscellaneous Federal Grants Fund  
For the Fiscal Year Ended June 30, 2002

	Final Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues:</u>			
Intergovernmental	\$ 479,494	\$ 399,093	\$ (80,401)
<u>Expenditures:</u>			
Current:			
Instruction:			
Vocational:			
Fringe benefits	1,102	1,102	-
Support services:			
Instructional staff:			
Fringe benefits	10,953	10,953	-
Purchased services	74,630	74,538	92
Materials and supplies	69,112	68,732	380
Total instructional staff	154,695	154,223	472
Central:			
Purchased services	147,097	146,772	325
Materials and supplies	54,299	42,058	12,241
Capital outlay - new	54,058	49,574	4,484
Total central	255,454	238,404	17,050
Total support services	410,149	392,627	17,522
Total expenditures	411,251	393,729	17,522
Excess of revenues over expenditures	68,243	5,364	(62,879)
<u>Other financing uses:</u>			
Advances out	(68,241)	(68,241)	-
Net change in fund balance	2	(62,877)	(62,879)
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	68,350	68,350	-
Fund balance at end of year	\$ 68,352	\$ 5,473	\$ (62,879)

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## STATISTICAL SECTION





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**Summit County Educational Service Center**  
**General Governmental Revenues by Source and Expenditures by Function**  
**Last Ten Fiscal Years (1)**

	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001	Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999
<u>Revenues:</u>				
Intergovernmental	\$ 2,752,119	\$ 3,847,665	\$ 5,256,585	\$ 7,014,005
Interest	125,806	298,361	269,925	276,738
Tuition and fees	426,351	306,903	345,943	221,641
Charges for services	3,939,763	3,877,888	2,701,100	2,260,906
Miscellaneous	36,842	207,030	76,196	282,422
Total revenues	<u>\$ 7,280,881</u>	<u>\$ 8,537,847</u>	<u>\$ 8,649,749</u>	<u>\$ 10,055,712</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	\$ 56,809	\$ 35,611	\$ 80,920	\$ 86,115
Special	1,898,949	1,684,129	1,471,551	959,153
Vocational	175,364	185,644	362,991	540,220
Support services:				
Pupils	1,774,633	1,879,575	1,583,520	2,282,164
Instructional staff	1,926,673	2,049,960	3,272,104	2,677,485
Board of governors	19,352	23,068	24,080	38,178
School administration	579,382	554,911	441,680	556,977
Fiscal	209,279	218,938	219,127	256,703
Business	42,980	53,732	65,241	41,757
Operation and maintenance of plant	219,863	115,575	1,305,568	1,609,638
Pupil transportation	11,874	11,189	23,049	22,791
Central	477,840	328,806	253,313	679,853
Community services	-	-	852	3,286
Extracurricular activities	-	2,311	2,175	36,237
Capital outlay	-	2,327	1,110	2,864
Debt service:				
Principal retirement	11,236	6,694	29,349	-
Interest and fiscal charges	2,361	1,429	1,217	-
Total expenditures	<u>\$ 7,406,595</u>	<u>\$ 7,153,899</u>	<u>\$ 9,137,847</u>	<u>\$ 9,793,421</u>

Source: FY1993 - FY1994 Service Center financial records; FY1995 - FY2002 Service Center Audit Reports

Note: General government includes the general fund and all special revenue fund types. These funds have been redefined with the implementation of GASB Statement No. 34, beginning with the Fiscal Year Ended June 30, 2002.

(1) FY1993 - FY1994 are reported on a cash basis; subsequent years are on a modified accrual GAAP basis.

Full accrual basis will be reported when there are enough years of information available to make comparisons.

Fiscal Year Ended June 30, 1998	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
\$ 7,833,745	\$ 5,328,802	\$ 4,358,049	\$ 3,858,352	\$ 3,722,853	\$ 2,924,935
142,546	75,196	58,354	41,540	14,920	13,361
274,707	332,772	246,049	17,874	16,333	1,180
1,650,305	1,028,464	1,286,739	1,195,585	1,324,262	654,764
87,810	-	-	-	-	-
<u>\$ 9,989,113</u>	<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>
\$ 309,287	\$ 69,646	\$ 73,409	\$ 196,161	\$ 251,223	\$ 425,806
831,090	536,933	726,379	763,597	541,491	469,883
487,390	494,721	236,331	187,042	153,635	286,842
1,633,010	1,488,750	1,609,820	1,536,842	1,411,975	1,376,689
2,459,005	2,591,182	2,406,964	1,874,795	1,190,167	756,370
19,072	19,912	24,268	22,360	11,354	7,942
1,102,981	538,532	526,276	523,303	375,363	384,438
265,432	171,943	192,833	161,365	141,037	137,643
32,959	49,946	54,387	52,082	44,443	18,042
119,804	42,495	82,764	80,373	80,811	36,818
21,047	20,861	20,881	-	28,051	7,831
254,114	255,177	287,676	108,254	435,579	135,237
16,400	3,837	15,000	42,995	27,877	
1,571	-	1,166	991	1,618	1,300
2,704	1,864	-	-	319	3,630
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 7,555,866</u>	<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>

***Summit County Educational Service Center***

**General Fund Cash Balance History**

**Last Ten Fiscal Years (1)**

	<u>June 30, 2002</u>	<u>June 30, 2001</u>	<u>June 30, 2000</u>	<u>June 30, 1999</u>
Fund balance, unreserved	\$ 3,261,798	\$ 3,156,582	\$ 1,435,835	966,470
Total fund equity	\$ 3,349,468	\$ 3,617,874	\$ 1,907,785	1,238,107
Cash balance	\$ 3,806,111	\$ 3,451,044	\$ 2,486,780	1,557,876
Cash balance: less encumbrances	\$ 3,718,441	\$ 3,395,583	\$ 2,422,315	1,421,260

Source: FY1993 - FY1994 Service Center financial records; FY1995 - FY2002 Service Center Audit Reports

(1) FY1993 - FY1994 are reported on a cash basis; subsequent years are on a modified accrual GAAP basis.

Full accrual basis will be reported when there are enough years of information available to make comparisons.

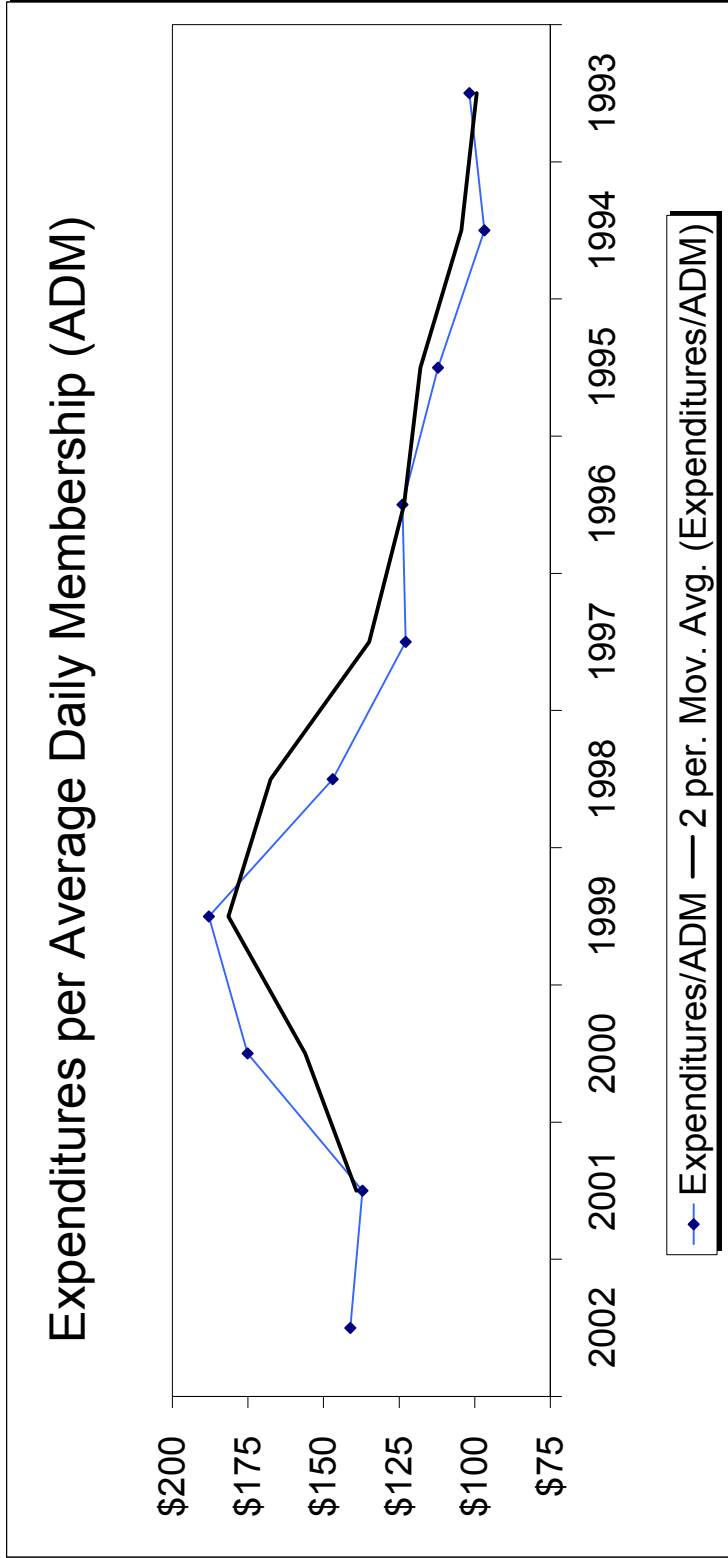
NOTE: The general fund has been redefined with the implementation of GASB Statement No. 34, beginning with the Fiscal Year Ended June 30, 2002.

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

<u>June 30, 1998</u>	<u>June 30, 1997</u>	<u>June 30, 1996</u>	<u>June 30, 1995</u>	<u>June 30, 1994</u>	<u>June 30, 1993</u>
440,924	(178,884)	(434,963)	(219,035)	N/A	N/A
862,301	124,746	(333,058)	(96,246)	N/A	N/A
1,188,726	635,018	356,788	288,842	662,362	256,245
909,906	410,957	97,528	158,520	595,596	231,356

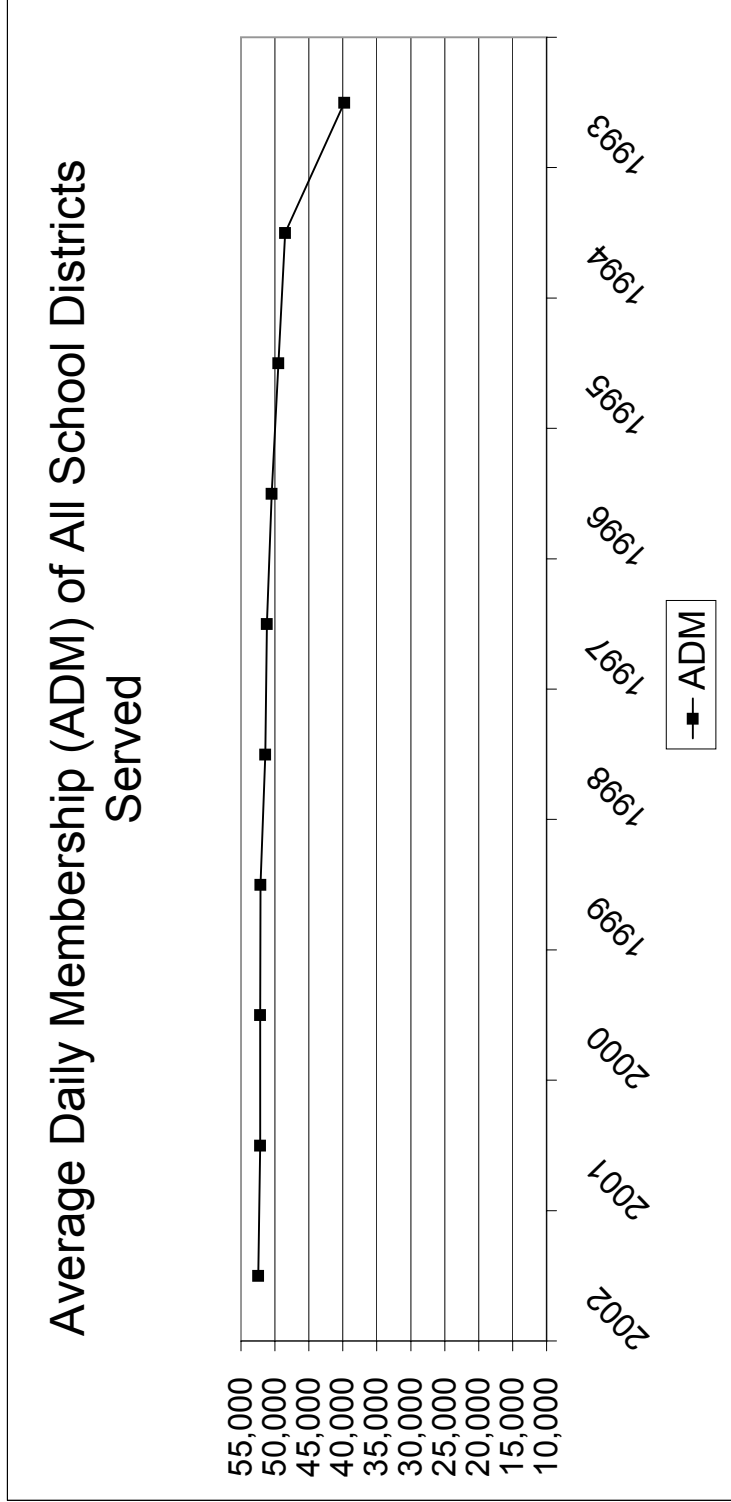
**Summit County Educational Service Center**  
**Expenditures Per Average Daily Membership (ADM)**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
(1) Expenditures	\$ 7,406,595	\$ 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
(2) ADM	52,453	52,182	52,191	52,104	51,418	51,163	50,498	49,505	48,495	39,777
Expenditures/ADM	\$ 141	\$ 137	175	188	147	123	124	112	97	102



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

Fiscal Year Ended June 30	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
ADM	52,453	52,182	52,191	52,104	51,418	51,163	50,498	49,505	48,495	39,777
Percent Change	0.52%	-0.02%	0.17%	1.33%	0.50%	1.32%	2.01%	2.08%	21.92%	1.51%



In July 1993 three city school districts were added through contracts  
 Source: Annual Financial Report of the Board of Education (ADU/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		
	2001	2000	1999	2001	2000	1999
Fall Enrollment	4,162	4,233	4,323	2,992	2,875	2,819

Demographic Data:

Average Income	\$ 25,688	\$ 27,135	30,381	42,126	40,691	61,000
Property Valuation/Pupil	86,840	85,161	83,388	216,549	226,607	231,109

Fiscal Data:

Effective Mills	29.32	25.97	26.02	28.57	27.36	27.54
Average Teacher Salary	\$ 41,990	\$ 42,607	41,153	48,982	46,977	45,028

Staff Data:

Percent of Teachers With No Degree	N/A	2.56%	0.19	N/A	-	-
Percent of Teachers With Bachelor Degree	N/A	43.20%	19.82	N/A	52.31	19.08
Percent of Teachers With Masters Degree	N/A	54.22%	48.38	N/A	47.68	46.05
Average Teacher Experience (yrs.)	N/A	N/A	15.20	N/A	N/A	13.90

Output:

Pupil Attendance Rate	93.30%	92.60%	92.50	96.10	96.10	96.00
Graduation Rate	71.60%	77.00%	81.50	61.20	90.20	92.70

Fiscal Year Ended June 30,	Nordonia Hills City School District			Norton City School District		
	2001	2000	1999	2001	2000	1999
Fall Enrollment	3,588	3,608	3,563	2,515	2,457	2,541

Demographic Data:

Average Income	\$ 40,282	\$ 38,051	45,790	34,469	35,045	38,342
Property Valuation/Pupil	209,099	202,823	205,312	103,981	100,227	97,211

Fiscal Data:

Effective Mills	27.48	27.93	26.42	29.38	29.44	29.37
Average Teacher Salary	\$ 45,546	\$ 44,354	42,462	42,795	42,339	38,719

Staff Data:

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

Output:

Pupil Attendance Rate	95.50%	95.80%	95.40	95.20	95.10	94.30
Graduation Rate	90.20%	91.20%	88.70	88.90	87.60	91.10

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

(1) Information is not available for fiscal year 2002 due to this year still being under audit for some schools.



Coventry Local School District			Cuyahoga Falls City School District			Green Local School District		
2001	2000	1999	2001	2000	1999	2001	2000	1999
2,397	2,364	2,484	5,217	5,256	5,708	3,930	3,790	3,830
31,663	32,101	38,224	32,825	34,505	38,326	36,856	38,003	46,016
133,542	100,285	95,440	134,289	136,438	125,633	123,754	130,582	129,218
28.60	28.61	31.06	26.24	26.23	26.61	34.98	34.40	35.78
40,687	39,429	38,496	41,796	41,004	39,834	44,554	43,223	39,980
N/A	-	-	N/A	-	1.27	N/A	1.16	0.00
N/A	77.00	38.37	N/A	60.23	14.64	N/A	51.16	15.49
N/A	22.99	17.39	N/A	39.76	38.43	N/A	47.66	42.03
N/A	N/A	13.20	N/A	N/A	15.90	N/A	N/A	13.50
94.00	93.50	93.70	94.30	95.30	94.60	96.70	96.40	96.30
93.60	95.90	88.40	82.80	84.40	81.90	94.10	89.90	92.30
Revere Local School District			Springfield Local School District			Stow-Munroe Falls City School District		
2001	2000	1999	2001	2000	1999	2001	2000	1999
2,779	2,788	2,905	2,959	3,193	3,408	5,757	5,805	6,063
47,818	46,881	92,391	29,326	28,358	34,368	38,771	38,204	48,149
238,244	237,472	227,734	127,432	113,714	104,713	131,545	131,419	125,345
33.26	27.50	29.22	31.90	32.48	30.01	32.80	33.50	35.50
52,375	47,429	46,453	42,079	40,574	42,513	47,433	45,324	43,642
N/A	-	-	N/A	-	-	N/A	0.00	0.00
N/A	60.49	8.25	N/A	66.34	13.35	N/A	81.33	14.57
N/A	39.52	48.44	N/A	33.65	29.29	N/A	18.66	15.81
N/A	N/A	14.70	N/A	N/A	12.10	N/A	N/A	15.10
95.40	95.80	95.40	93.40	93.30	93.60	94.50	94.30	93.80
93.90	94.70	93.00	75.90	75.80	75.20	92.90	88.80	91.40

(Continued)

**Summit County Educational Service Center**

**Miscellaneous Statistics - School Districts Served**

**Last Three Fiscal Years (1)**

Fiscal Year Ended June 30,	Hudson City School District			Manchester Local School District		
	2001	2000	1999	2001	2000	1999
Fall Enrollment	5,304	5,172	5,442	1,430	1,420	1,493
<u>Demographic Data:</u>						
Average Income	\$ 59,796	\$ 58,191	95,897	33,877	32,599	39,503
Property Valuation/Pupil	145,010	149,843	142,408	99,440	105,201	100,057
<u>Fiscal Data:</u>						
Effective Mills	41.30	41.42	41.91	30.60	30.74	32.82
Average Teacher Salary	\$ 52,312	\$ 50,283	46,749	42,645	42,196	40,517
<u>Staff Data:</u>						
Percent of Teachers With No Degree	N/A	0.00%	0.33	N/A	2.40	-
Percent of Teachers With Bachelor Degree	N/A	34.26%	12.35	N/A	65.05	16.70
Percent of Teachers With Masters Degree	N/A	65.73%	63.81	N/A	32.54	36.95
Average Teacher Experience (yrs.)	N/A	N/A	13.30	N/A	N/A	15.30
<u>Output:</u>						
Pupil Attendance Rate	95.70%	95.40%	95.10	95.10	95.20	95.30
Graduation Rate	96.60%	96.40%	94.30	92.10	90.80	93.60

Fiscal Year Ended June 30,	Tallmadge City School District			Twinsburg City School District		
	2001	2000	1999	2001	2000	1999
Fall Enrollment	2,684	2,574	2,738	3,771	3,530	3,400
<u>Demographic Data:</u>						
Average Income	\$ 36,442	\$ 34,896	43,143	42,921	43,187	50,620
Property Valuation/Pupil	129,752	135,673	125,627	212,362	212,857	220,996
<u>Fiscal Data:</u>						
Effective Mills	35.04	28.99	29.10	35.26	29.17	32.89
Average Teacher Salary	\$ 44,474	\$ 43,171	40,066	45,798	46,124	43,938
<u>Staff Data:</u>						
Percent of Teachers With No Degree	N/A	0.00%	0.00	N/A	0.88	-
Percent of Teachers With Bachelor Degree	N/A	57.31%	18.13	N/A	57.93	22.08
Percent of Teachers With Masters Degree	N/A	42.68%	32.04	N/A	41.18	43.10
Average Teacher Experience (yrs.)	N/A	N/A	15.10	N/A	N/A	12.00
<u>Output:</u>						
Pupil Attendance Rate	95.60%	95.80%	95.60	95.50	95.90	95.20
Graduation Rate	89.60%	90.50%	89.80	89.50	91.60	92.10

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

(1) Information is not available for fiscal year 2002 due to this year still being under audit for some schools.

Mogadore Local School District		
2001	2000	1999
850	832	852
31,539	30,148	37,832
143,837	122,787	86,874
32.29	32.28	37.02
41,190	40,751	40,094
N/A	4.46	-
N/A	62.01	16.22
N/A	33.51	37.84
N/A	N/A	14.30
95.60	95.40	95.30
92.90	95.50	93.30

Woodridge Local School District		
2001	2000	1999
1,710	1,632	1,495
38,479	39,472	59,734
235,531	245,392	267,879
32.40	32.90	35.50
42,425	39,158	38,667
N/A	-	-
N/A	75.23	28.26
N/A	24.76	27.29
N/A	N/A	11.30
94.20	94.60	94.50
90.90	87.60	84.80

Total/Highest/Lowest All Districts Served					
2001		2000		1999	
52,191		52,104		51,418	
<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
59,796	25,688	58,191	27,135	95,897	30,381
238,244	86,840	245,392	85,161	267,879	83,388
41.30	26.24	41.42	25.97	41.91	26.02
52,375	40,687	50,283	39,158	46,749	38,496
-	-	8.36	-	1.27	-
-	-	81.33	0.34	38.37	8.25
-	-	47.68	0.36	63.81	15.81
-	-	-	-	15.90	11.30
96.10	93.30	96.40	0.93	96.30	92.50
96.60	71.60	95.90	0.77	94.30	75.20

***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>
2001	\$ 10,506,016	N/A (1)	\$ 513,216
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

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. 2002 information is not available as the years presented are on a calendar fiscal year.

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

(1) This information is no longer provided by local banking industries



**Auditor of State  
Betty Montgomery**

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  
MARCH 4, 2003**