



Dave Yost • Auditor of State



**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER  
SUMMIT COUNTY**

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# Dave Yost • Auditor of State

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

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

To the Governing Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County Educational Service Center, Summit County, (the Service Center) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Service Center's basic financial statements and have issued our report thereon dated December 30, 2015, wherein we noted the District adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 30, 2015



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Governors:

### ***Report on Compliance for the Major Federal Program***

We have audited the Summit County Educational Service Center's (the Service Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Summit County Educational Service Center's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Service Center's major federal program.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to opine on the Service Center's compliance for the Service Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Service Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the Summit County Educational Service Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

***Report on Internal Control Over Compliance***

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



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

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Summit County Educational Service Center, Summit County, (Service Center) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Service Center's financial statements. We issued our unmodified report thereon dated December 30, 2015, wherein we noted the District Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. We conducted our audit to opine on the District's basic financial statements. We conducted our audit to opine on the Service Center's financial statements. The accompanying schedule of federal awards receipts and expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 30, 2015

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**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER  
SUMMIT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i>	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
Program / Cluster Title				
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education</i>				
Special Education Cluster:				
Special Education Grants to States	009255-3M20-2014	84.027	\$ 184,689	\$ 135,014
Special Education Grants to States	009255-3M20-2015	84.027	938,267	1,214,628
Total Special Education Cluster - Grants to States			<u>1,122,956</u>	<u>1,349,642</u>
Special Education Preschool Grants - ELD Grant	009255-3C50-2013	84.173	6,355	6,934
Special Education Preschool Grants - ELD Grant	009255-3C50-2014	84.173	51,818	64,148
Special Education Preschool Grants - Pre K SE	049965-3C50-2014	84.173	17,120	8,571
Special Education Preschool Grants - Pre K SE	049965-3C50-2015	84.173	98,749	104,470
Total Special Education Cluster - Preschool Grants			<u>174,042</u>	<u>184,123</u>
Total Special Education Cluster			<u>1,296,998</u>	<u>1,533,765</u>
Special Education - State Personnel Development	09255-3700-2014	84.323	5,251	0
Special Education - State Personnel Development	09255-3700-2015	84.323	26,130	40,309
Total Special Education - State Personnel Development			<u>31,381</u>	<u>40,309</u>
ARRA-Race to the Top	049965-3FD0-2015	84.395	25,336	47,286
ARRA-Race to the Top-Early Learning Challenge	049965-3FD0-2014	84.412	40,000	13,288
ARRA-Race to the Top-Early Learning Challenge	049965-3FD0-2015	84.412	45,797	54,845
Total ARRA - ARRA-Race to the Top-Early Learning Challenge			<u>85,797</u>	<u>68,133</u>
Total ARRA - Race to the Top			<u>111,133</u>	<u>115,419</u>
<i>Passed Through Ohio Department of Health and Human Services</i>				
Temporary Assistance for Needy Families - Start Talking Grant	09255-03A60-2014	93.558	57,663	79,323
<b>Total U.S. Department of Education</b>			<u>1,497,175</u>	<u>1,768,816</u>
<b>Total Federal Financial Assistance</b>			<u>\$1,497,175</u>	<u>\$1,768,816</u>

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

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER  
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2015**

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

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# **Summit County Educational Service Center**

**Cuyahoga Falls, Ohio**

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Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

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







Summit County

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# Educational Service Center

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**Introductory Section**



*Summit County Educational Service Center*  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2015  
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December 30, 2015

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, 2015 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 2014-2015 fiscal year end.

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

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

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

## **BACKGROUND AND GENERAL INFORMATION**

### **History**

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

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

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

### **Districts Served**

The Summit County Educational Service Center serves a student population of approximately 48,863 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 921 to 5,050 students. Each of the districts has a locally elected board of education consisting of five members, a local superintendent and a treasurer.

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

### **Organization**

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

The Board sets policies and enters into contracts and may serve in a judicial capacity to resolve disputes involving the organization. The Board did not have any financial policies that had a significant impact on the current period financial statements. The Board appoints the Superintendent and the Chief Fiscal Officer. All other staff members are recommended by the administration to the Board for approval. The Board meets monthly to conduct business.

The Superintendent is the Chief Executive Officer of the Service Center and is responsible directly to the Board for all operations. The current Superintendent is Joseph Iacano. Linda Fuline, the previous superintendent, served in this position since August 2006 and retired June 30, 2015. Mr. Iacano is currently working under a three year contract that ends July 31, 2018.

The Chief Fiscal Officer of the Service Center is responsible directly to the Board for all financial operations and serves as Secretary to the Board. The current Chief Fiscal Officer is Sondra Clevenger who has served in this position since July 2000. Her current contract extends to July 31, 2018.

## **SERVICES**

### **Curriculum and Instruction**

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

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

### **Pupil Personnel**

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

Specialized staffing and other programs are available to school districts to assist them in providing the necessary support for special populations. These include Students with Disabilities Supervision, Speech and Language Supervision, and Work/Study Coordination. Specifically, in 2015 the work-study program assisted 108 students in 8 school districts, had 166 employer contacts to place 32 students, arranged 19 volunteer/unpaid work experiences, hosted 5 transitional resource group meetings and opened 46 new student files. School Psychologists served 1,200 students and had 525 parent meetings. Workshops and trainings provided by this department include: Paraprofessional trainings and study sessions, six sessions on Child and Family Awareness workshops and finally several end of year trainings on the new ODE Individualized Education Program forms and Evaluation Team Report.

The Summit County Preschool provides an integrated, comprehensive preschool program for all students, age three to five, with disabilities or at-risk concerns. In addition to classroom teaching, some of the related services provided are occupational therapy, physical therapy, speech therapy, nursing and nutrition. Participating districts contract for this program. The preschool program, in fiscal year 2015 included 28 classrooms across Summit County that served 505 students. Half of those students received cognitive, behavioral and speech assessments. The preschool program employs 30 classroom teachers, 30 classroom assistants, 18 speech/language pathologists, 3 psychologists and 2 school nurses.

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

### **Support/Supplementary**

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



## **Administration**

Of great benefit to the school districts, is the Service Center's cooperative and regional approach. Through this approach, the Service Center has the capacity to facilitate and manage projects in a manner that would not be otherwise possible. Some of the other vital benefits are the Service Center's ability to: 1) serve as a neutral convener; 2) provide consortium/partnerships formation and facilitation; 3) provide fiscal agency for grants, projects, and other agencies (State Support Team for Region Eight) and 4) provide legislative workshops.

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

## **ECONOMIC CONDITION AND OUTLOOK**

The Service Center's financial condition is dependent upon the collective financial condition of the districts served, and their ability to contract for the Service Center's services. The districts served are mainly within Summit County, Ohio.

Legislation has passed regarding management of regional services offered by the Ohio Department of Education. House Bill 115 established the Educational Regional Service System (ERSS). This system requires a coordinated, integrated and aligned system to support state and school district efforts to improve school effectiveness and student achievement. The system consists of 16 regions. Each region has a fiscal agent. The selection of a fiscal agent was done through a RFP (request for proposal) process. Selected Fiscal Agents in each region have the responsibility of allocating resources to provide regional services and also assuring that the state-sponsored regional improvement initiatives are deployed according to Ohio Department of Education guidance. The Summit County Educational Service Center is the fiscal agent for State Support Team Region 8 which includes Portage, Medina and Summit Counties.

Summit County has been historically associated with the rubber industry. Although the rubber industry is still extremely important to the economy in Summit County, the Goodyear Tire and Rubber Company has been replaced as the largest employer in Summit County. It should not come as a surprise that the largest employer in our county is associated with the healthcare industry. Summa Health Systems is now the largest employer in Summit County with 11,000 employees. Akron General Medical Center is in second place with 3,742 employees, finally followed by Akron Children's Hospital with 3,380 employees. The Goodyear Tire and Rubber Company is now in fourth place with 3,000 employees. The County of Summit is fifth with a total number of 2,969 employees. Sterling Jewelers is the sixth largest employer with 2,900 employees, the Akron Public School District is seventh place with 2,645 employees. Rounding out the top ten employers are the University of Akron, the City of Akron and First Merit Corporation with 2,622, 1,828, and 1,385 employees respectively.

Also, a recent study ranked Ohio number one in plastics and polymers. The greater Akron area is home to the largest number of polymer companies in Ohio.

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

Recent history shows Summit County has fared favorably in unemployment rates compared to National and State rates. The county unemployment rate in 2014 was at 5.8%. This percentage is down from 2013 rate that was 7.1%. As a comparison, the 2013 state rate was 7.4% and the 2014 rate for the state was 5.7%. 2014 is the first year in quite a few that the State rate of unemployment was lower than the County rate of unemployment. Although Summit County is two tenths of a percent higher than the State, the economy has improved dramatically. The workforce is transitioning from manufacturing to service industries. In Akron, the largest segment of employment has shifted from manufacturing followed by trade to medical, information and service employers.

## **FINANCIAL INFORMATION**

### **Accounting**

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

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

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

As determined by criteria established by GASB Statement No. 34, the Service Center does not report any activities that qualify as proprietary or business type activities. As part of this reporting model, management is also responsible for preparing a discussion and analysis of the Service Center. This discussion follows the Independent Auditor’s Report, providing an assessment of the Service Center’s finances for fiscal year 2015 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain non-major funds of the Service Center.

### **Internal Controls**

The management of the Service Center is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Service Center are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

## **Single Audit Act**

As a recipient of federal financial assistance, the Service Center is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the Service Center and annual reviews by the Service Center's independent auditors. Based upon the level of federal spending for fiscal year 2015, a single audit was required.

## **Budgetary Controls**

The budgetary requirements for Educational Service Centers are comparable to those of Ohio school districts. The Educational Service Center's Management does budget for resources estimated to be received during the fiscal year. The Educational Service Center also prepares an annual spending plan to control and monitor the expenditure of the Center's resources.

## **CASH MANAGEMENT**

The Service Center's approach to the cash management program has continued to be consistent during 2014-2015 with the use of overnight sweep account. Due to very poor interest rates, certificates of deposit have not been invested. The total amount of interest earned was \$2,316. This figure is still at an all-time low.

Protection of the Service Center's cash and investments is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all uninsured public deposits. As required under Ohio law, pooled securities have been pledged in an amount equal to 105% of the total deposits, to secure the repayment of all uninsured public monies deposited in a financial institution. A detailed description of the Service Center's investment functions is described in Note 3 to the basic financial statements.

## **LONG-TERM FINANCIAL PLANNING**

The Service Center does not currently prepare, nor are they required to, a long term financial forecast for capital purposes. The Service Center's only major capital asset is a building, which is anticipated to be serviceable for several years to come without significant maintenance or repairs. Long-term projections for revenues and expenses are anticipate to remain relatively consistent, with no significant increases in operating costs projected in the near or long term future.

## **RISK MANAGEMENT**

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

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

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

## **PENSION PLANS**

The statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS) covers all Service Center employees. The Service Center's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the Service Center to pay the employer share as determined by each retirement system, currently 14%. The Service Center's required contributions for fiscal year 2015 were \$1,081,122 and \$559,066 to STRS and SERS, respectively. Beginning in fiscal year 2016, employee portion of STRS will increase to 13%. Fiscal year 2017 is the last planned increase for employee contribution. In fiscal year 2017, employee contribution for STRS will be 14%, equal to that of the employer. SERS has not made any changes and maintains a 10% employee contribution.

## **OTHER INFORMATION**

### *Independent Audit*

Provisions of State statute require the Service Center's financial statements to be subjected to bi-annual examination, annually if subject to the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133, by the Auditor of State. The Auditor of the State of Ohio performed the audit for the period ended June 30, 2015. The auditor's unmodified opinion rendered on the Service Center's basic financial statements, and their report on the combining statements, is included in the financial section of this CAFR.

### *GFOA Certificate of Achievement*

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the Service Center for its fiscal year ended June 30, 2014 CAFR. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for the preparation of state and local government financial reports.

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

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

Acknowledgments

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

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

Respectfully Submitted,

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

Sondra Clevenger  
Chief Fiscal Officer

***Summit County Educational Service Center***  
**Public Officials Roster**  
**Fiscal Year Ended June 30, 2015**

Board of Governors

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

Chief Fiscal Officer

Mrs. Sondra Clevenger

Administration

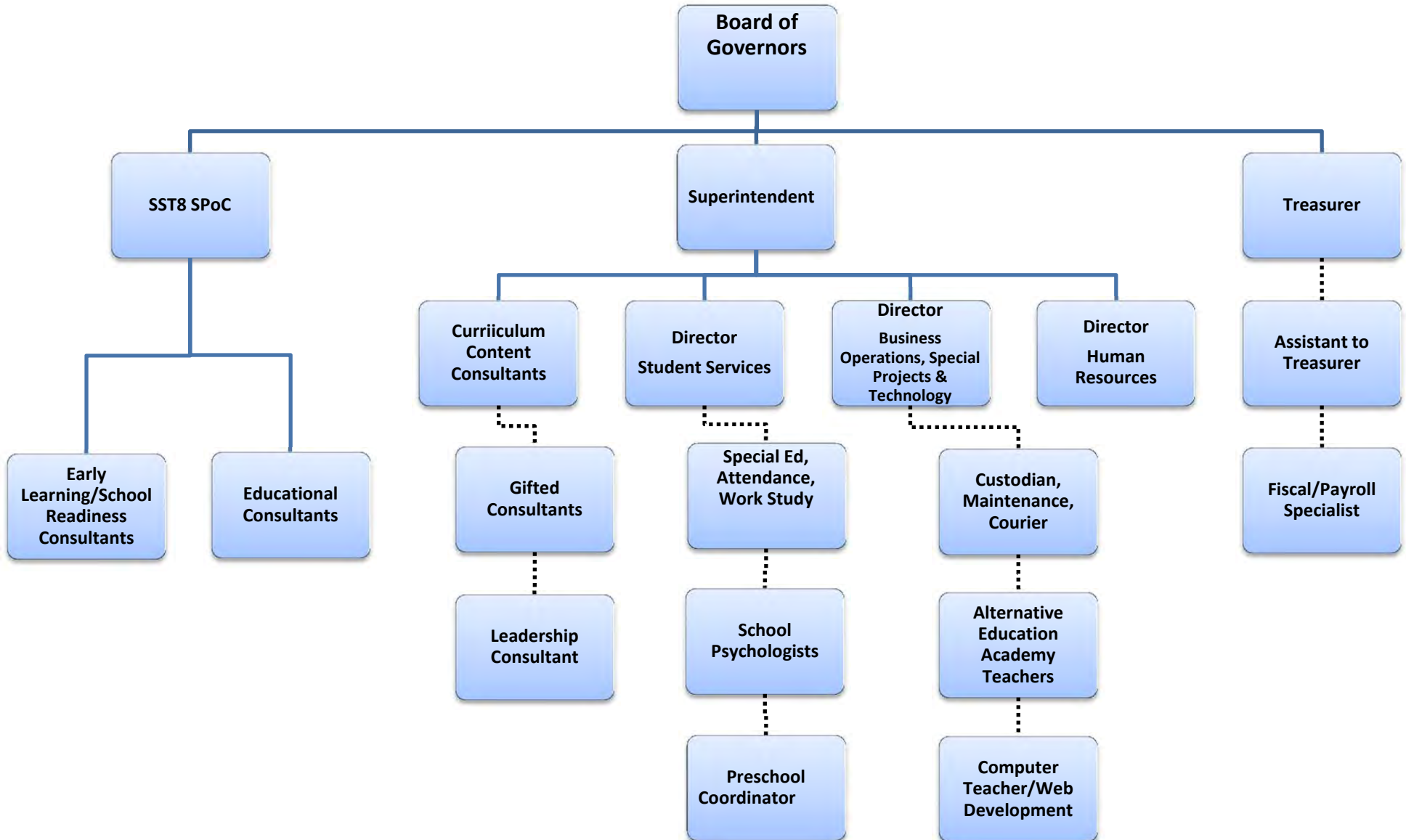
Mr. Joseph Iacano	Superintendent
Mrs. N'ecole Ast	Director of Pupil Personnel Services
Mr. Robert Wolf	Director of Human Resources
Ms. Ann Phillips	Director of Curriculum and Instruction
Mr. David Jones	Director of Business

# SUMMIT COUNTY EDUCATIONAL SERVICE CENTER

## Organizational Chart

2015

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

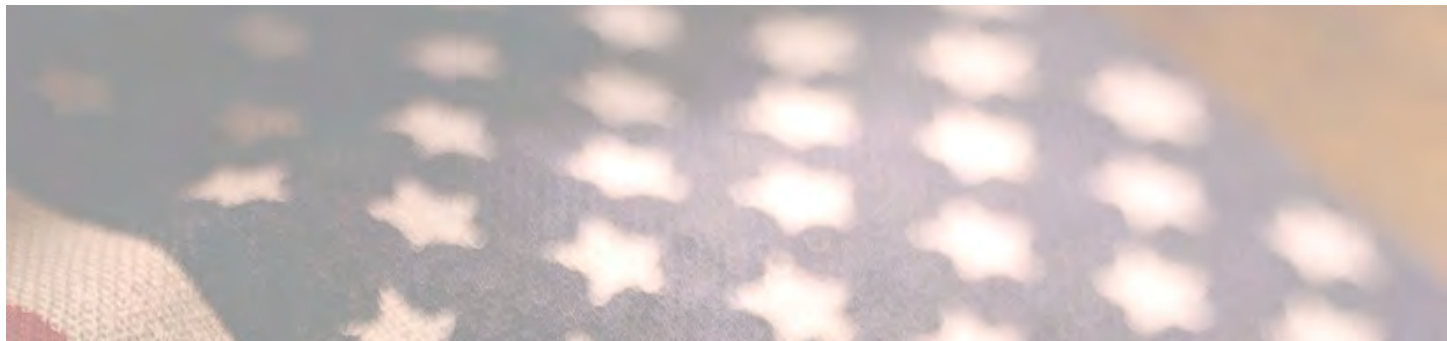
**Summit County  
Educational Service Center  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



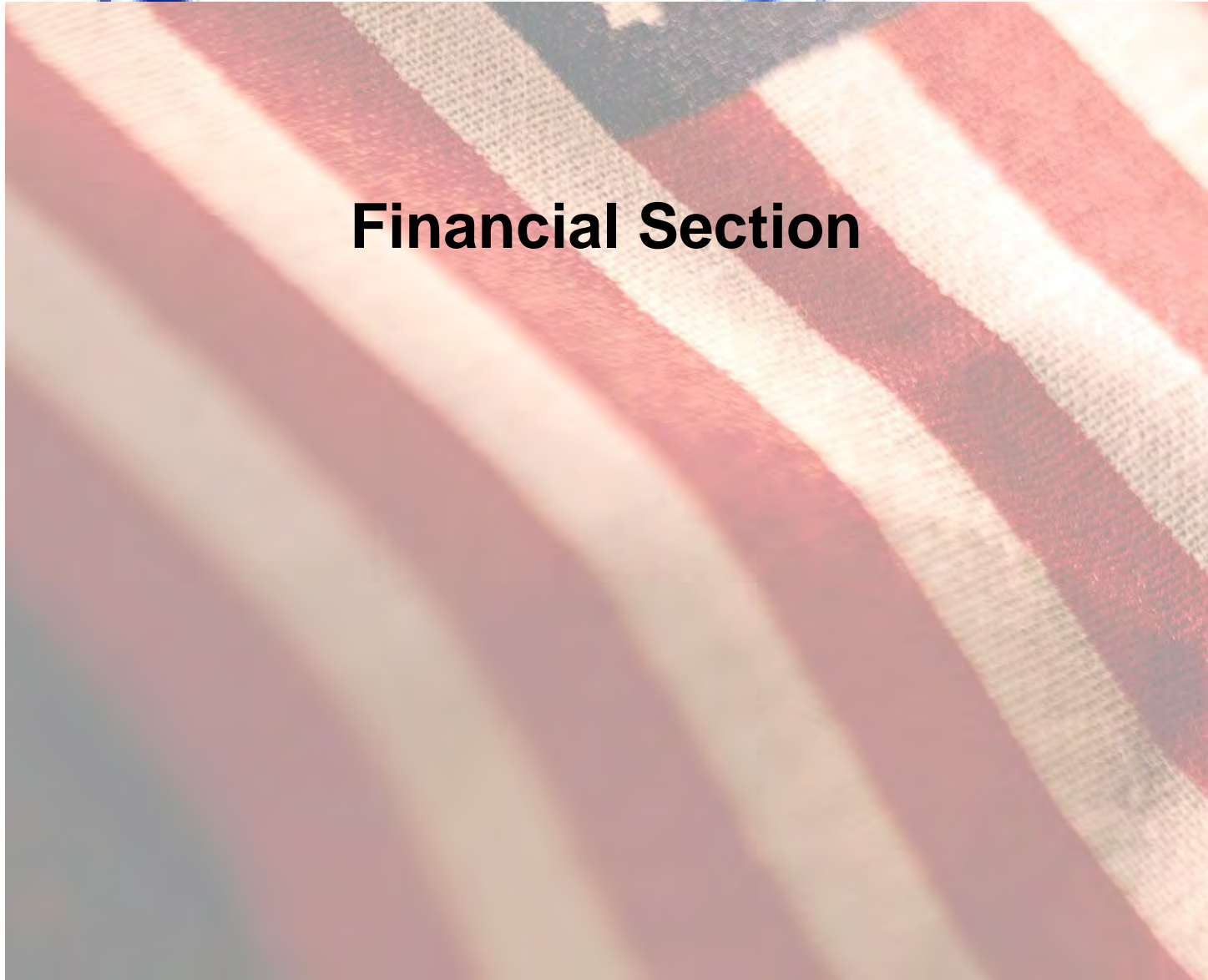


Summit County

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# Educational Service Center

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**Financial Section**





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Governors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Summit County Educational Service Center, Summit County, Ohio (the Service Center), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Service Center's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County Educational Service Center, Summit County, Ohio, as of June 30, 2015 and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 2O to the financial statements, during the year ended June 30, 2015, the Service Center adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

Our audit was conducted to opine on the Service Center's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015, on our consideration of the Service Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Service Center's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 30, 2015

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**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

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The discussion and analysis of the Summit County Educational Service Center's (the "Service Center") financial performance provides an overall review of the Service Center's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Service Center's performance as a whole; readers should also review the transmittal letter, the notes to the basic financial statements and financial statements to enhance their understanding of the Service Center's financial performance.

***Financial Highlights***

Key financial highlights for 2015 are as follows:

- Net position decreased \$330,120, which represents a 1.77% decrease from 2014.
- During the fiscal year, outstanding capital leases decreased from \$821,119 to \$743,211 due to principal payments made by the Service Center.
- The Service Center implemented GASB 68, which reduced beginning net position as previously reported by \$26.4 million.

***Using this Annual Report***

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

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

***Reporting the Service Center as a Whole***

***Statement of Net Position and the Statement of Activities***

While the basic financial statements contain the large number of funds used by the Service Center to provide programs and activities, the view of the Service Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

***Fund Financial Statements***

The major funds financial statements begin on page 16. Fund financial reports provide detailed information about the Service Center's major funds. The Service Center uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the Service Center's most significant funds. The Service Center's major governmental funds are the general fund and educational regional service system fund.

***Governmental Funds***

Most of the Service Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Service Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Reporting the Service Center's Fiduciary Responsibilities***

The Service Center is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The Service Center also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. The Service Center's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 20 and 21. These activities are excluded from the Service Center's other financial statements because the assets cannot be utilized by the Service Center to finance its operations.



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**The Service Center as a Whole**

Recall that the Statement of Net Position provides the perspective of the Service Center as a whole. Table 1 provides a summary of the Service Center's net position for 2015 compared to 2014:

**Table 1**  
**Net Position**

	Governmental Activities	
	2015	2014 Restated
<b>Assets</b>		
Current and Other Assets	\$ 7,885,209	\$ 8,762,248
Capital Assets	1,832,937	1,846,990
<i>Total Assets</i>	<u>9,718,146</u>	<u>10,609,238</u>
<b>Deferred Outflows of Resources</b>		
Pension	<u>1,777,402</u>	<u>1,478,593</u>
<b>Liabilities</b>		
Other Liabilities	1,923,622	1,946,564
Long-Term Liabilities		
Due Within One Year	134,195	106,001
Due in More Than One Year		
Net Pension Liability	23,488,412	27,904,013
Other Amounts	735,964	827,670
<i>Total Liabilities</i>	<u>26,282,193</u>	<u>30,784,248</u>
<b>Deferred Inflows of Resources</b>		
Pension	<u>4,239,892</u>	<u>0</u>
<b>Net Position</b>		
Net Investment in Capital Assets	1,089,726	1,025,871
Restricted	185,363	398,572
Unrestricted	<u>(20,301,626)</u>	<u>(20,120,860)</u>
<i>Total Net Position</i>	<u>\$ (19,026,537)</u>	<u>\$ (18,696,417)</u>

During 2015, the Service Center adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Service Center's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Service Center's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Service Center is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Service Center's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB 68, the Service Center is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$7,729,003 to \$(18,696,417).

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**Summit County, Ohio**  
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*(Unaudited)*

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At year end, capital assets represented 19 percent of total assets. Capital assets include, land, buildings and improvements, furniture and equipment and vehicles. The net investment in capital assets was \$1,089,726 at June 30, 2015. These capital assets are used to provide services to students and are not available for future spending. Although the Service Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Service Center's net position, \$185,363 represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is a deficit of \$20,301,626, which is primarily caused by the implementation of GASB 68.

Current and other assets decreased \$877,039, or 10.0% as compared to fiscal year 2014. The primary reason was a decrease in cash caused by an overall decrease in operating grant revenue and services provided to member districts.

Long term liabilities decreased \$4.5 million or 15.5% as compared to fiscal year 2014. This decrease can be attributed to a decrease in net pension liability. Deferred inflows increased due to implementation of GASB 68.

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**Summit County Educational Service Center**  
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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2015 and 2014.

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2015	2014
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 11,310,449	\$ 12,127,919
Operating Grants	1,914,262	2,509,179
<i>Total Program Revenues</i>	<u>13,224,711</u>	<u>14,637,098</u>
<i>General Revenues:</i>		
Grants and Entitlements Not Restricted	1,719,015	1,588,760
Other	49,663	3,836
<i>Total General Revenues</i>	<u>1,768,678</u>	<u>1,592,596</u>
<i>Total Revenues</i>	<u>14,993,389</u>	<u>16,229,694</u>
<b>Program Expenses</b>		
Instruction:		
Regular	1,184,980	996,270
Special	4,766,970	5,026,161
Vocational	91,452	89,261
Support Services:		
Pupils	3,597,195	3,480,941
Instructional Staff	3,412,131	4,130,917
Board of Governors	60,798	49,984
Administration	1,002,026	1,008,675
Fiscal	320,142	307,756
Business	269,610	33,365
Operation and Maintenance of Plant	499,475	526,689
Central	45,987	67,707
Extracurricular Activities	40,719	48,911
Debt Service:		
Interest and Fiscal Charges	32,024	34,948
<i>Total Expenses</i>	<u>15,323,509</u>	<u>15,801,585</u>
<i>Increase (Decrease) in Net Position</i>	<u>\$ (330,120)</u>	<u>\$ 428,109</u>

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,478,593 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,081,947. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

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**Summit County, Ohio**  
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Total 2015 program expenses under GASB 68	\$ 15,323,509
Pension expense under GASB 68	(1,081,947)
2015 contractually required contribution	<u>1,556,465</u>
Adjusted 2015 program expenses	15,798,027
Total 2014 program expenses under GASB 27	<u>15,801,585</u>
Decrease in program expenses not related to pension	<u>\$ (3,558)</u>

The decrease in revenues is primarily due to an overall decrease in grant revenue and services provided to member districts, which was offset by a slight increase in foundation monies received. Total expenses not related to pension decreased almost \$4,000 compared to fiscal year 2014.

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

**Table 3**  
**Governmental Activities**

	Total Cost of Service		Net Cost of Service	
	2015	2014	2015	2014
Instruction:				
Regular	\$ 1,184,980	\$ 996,270	\$ 561,355	\$ 525,052
Special	4,766,970	5,026,161	294,005	(720,377)
Vocational	91,452	89,261	40,191	13,739
Support Services:				
Pupils	3,597,195	3,480,941	587,687	23,950
Instructional Staff	3,412,131	4,130,917	124,726	733,209
Board of Governors	60,798	49,984	28,304	49,984
Administration	1,002,026	1,008,675	261,803	518,582
Fiscal	320,142	307,756	37,813	(76,809)
Business	269,610	33,365	134,072	19,954
Operation and Maintenance of Plant	499,475	526,689	(39,915)	12,546
Central	45,987	67,707	19,232	11,970
Operation of Non-Instructional Services:				
Community Services	0	0	(121)	0
Extracurricular Activities	40,719	48,911	17,622	17,739
Debt Service:				
Interest and Fiscal Charges	32,024	34,948	32,024	34,948
<i>Total Expenses</i>	<u>\$ 15,323,509</u>	<u>\$ 15,801,585</u>	<u>\$ 2,098,798</u>	<u>\$ 1,164,487</u>

For all governmental activities, program receipts support is 86.3%. The primary support of the Service Center is contracted fees and services provided to member districts; however, it is the intention of the Board of Governors not to overcharge the districts served and to utilize the general revenues to offset the cost of programs to member districts.

**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

***Governmental Funds***

Information about the Service Center's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$15,531,393 and expenditures of \$16,084,973 for fiscal year. The net change in fund balances for the fiscal year was a decrease of \$553,580 for all governmental funds with the most significant decrease in the general fund.

The general fund's net change in fund balance for fiscal year 2015 was a decrease of \$601,336. This decrease is primarily due to a decrease in services provided to member districts.

The educational regional service system fund's net change in fund balance for fiscal year 2015 was an increase of \$31,872. This was primarily caused by a reduction in support services instructional staff expenses for kindergarten readiness as well as a reduction in support services fiscal services caused by reduced fiscal fees paid to the County.

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2015, the Service Center had \$1,832,937 invested in capital assets. Table 4 shows fiscal year 2015 balances compared with 2014.

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

	Governmental Activities	
	2015	2014
Land	\$ 207,778	\$ 207,778
Furniture and Equipment	61,121	54,351
Buildings and Improvements	1,546,206	1,584,861
Vehicles	17,832	0
<i>Totals</i>	\$ 1,832,937	\$ 1,846,990

The \$14,053 decrease in capital assets was attributable to depreciation exceeding current year additional purchases. See Note 5 for more information about the capital assets of the Service Center.

**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

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**Debt**

At year end, the Service Center had only capitalized leases as outstanding debt obligations. The lease obligations outstanding at year end totaled \$743,211. The lease balance consisted of a lease-purchase agreement for HVAC heating and cooling project. See Note 10 to the basic financial statements for detail on the Service Center's long-term obligation.

	Governmental Activities	
	2015	2014
Lease Obligations	\$ 743,211	\$ 821,119

***Current Issues***

House Bill 115 established the Educational Regional Service System (ERSS). This system requires a coordinated, integrated and aligned system to support state and school district efforts to improve school effectiveness and student achievement. The system consists of sixteen regions. Each region has a fiscal agent. The selection of a fiscal agent was through a RFP (request for proposal) process. Fiscal Agents in each region have the responsibility of allocating resources to provide regional services and also assuring that the state-sponsored regional improvement initiatives are deployed according to Ohio Department of Education guidance. The Summit County Educational Service Center is the Region 8 fiscal agent. The Summit County Educational Service Center will work hard to ensure our districts are involved and benefit from Region 8 services.

While the Regional Service System has slightly changed the landscape of the Summit County Educational Service Center, we are still creating new services that assist our community and school districts. The organization sponsored a community conversion school. This school is located in Springfield Township, Ohio and serves children in grades kindergarten through fourth grade. Fiscal year 2010 was its first year of operation, fiscal year 2015 was the sixth. We also continue an Autism Family School. This School, which began in 2010, is to provide educational services for an autism center located in Copley Township. The school is named Kids First. This school opened in Fall of 2010 and is also currently in year six of operation. Demand for Kids First by school districts, seeking to serve autistic students, has continued to grow. While the goal of the school is to return students to their home school, it became necessary to open a school that created continued support for students who were not ready to return to their home school. This new school is located in the City of Tallmadge. It serves middle and high school aged students with autism.

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

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Educational Service Center's finances and to show the Service Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Summit County Educational Service Center Treasurer/CFO Office at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221.

**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Statement of Net Position*  
*June 30, 2015*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 4,560,982
Receivables:	
Accounts	20,831
Intergovernmental	3,303,396
Nondepreciable Capital Assets	207,778
Depreciable Capital Assets (Net)	1,625,159
<i>Total Assets</i>	9,718,146
 <b>Deferred Outflows of Resources</b>	
STRS	1,262,485
SERS	514,917
<i>Total Deferred Outflows of Resources</i>	1,777,402
 <b>Liabilities</b>	
Accounts Payable	26,723
Accrued Wages and Benefits	1,372,869
Intergovernmental Payable	284,804
Accrued Vacation Leave Payable	128,807
Matured Compensated Absences Payable	110,419
Long Term Liabilities:	
Due Within One Year	134,195
Due In More Than One Year	
Net Pension Liability	23,488,412
Other Amounts Due In More Than One Year	735,964
<i>Total Liabilities</i>	26,282,193
 <b>Deferred Inflows of Resources</b>	
STRS	3,485,226
SERS	754,666
<i>Total Deferred Inflows of Resources</i>	4,239,892
 <b>Net Position</b>	
Net Investment in Capital Assets	1,089,726
Restricted For:	
Educational Regional Service System	159,828
Other Purposes	25,535
Unrestricted	(20,301,626)
<i>Total Net Position</i>	\$ (19,026,537)

See accompanying notes to the basic financial statements.



**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 1,184,980	\$ 623,625	\$ 0	\$ (561,355)
Special	4,766,970	4,278,828	194,137	(294,005)
Vocational	91,452	51,261	0	(40,191)
Support Services:				
Pupils	3,597,195	2,822,338	187,170	(587,687)
Instructional Staff	3,412,131	1,981,385	1,306,020	(124,726)
Board of Governors	60,798	32,494	0	(28,304)
Administration	1,002,026	720,402	19,821	(261,803)
Fiscal	320,142	217,062	65,267	(37,813)
Business	269,610	135,538	0	(134,072)
Operation and Maintenance of Plant	499,475	401,822	137,568	39,915
Central	45,987	22,476	4,279	(19,232)
Operation of Non-Instructional Services:				
Community Services	0	121	0	121
Extracurricular Activities	40,719	23,097	0	(17,622)
Debt Service:				
Interest and Fiscal Charges	32,024	0	0	(32,024)
<b>Total</b>	<u>\$ 15,323,509</u>	<u>\$ 11,310,449</u>	<u>\$ 1,914,262</u>	<u>(2,098,798)</u>

**General Revenues**

Grants and Entitlements Not Restricted to Specific Programs	1,719,015
Investment Earnings	2,316
Miscellaneous	47,347
<b>Total General Revenues</b>	<u>1,768,678</u>

*Change in Net Position* (330,120)

*Net Position Beginning of Year - Restated, See Note 2.O.* (18,696,417)

*Net Position End of Year* \$ (19,026,537)

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2015*

	General	Educational Regional Service System	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 4,535,447	\$ 0	\$ 25,535	\$ 4,560,982
Receivables:				
Accounts	20,831	0	0	20,831
Interfund	348,055	0	0	348,055
Intergovernmental	2,607,039	643,184	53,173	3,303,396
<i>Total Assets</i>	<u>\$ 7,511,372</u>	<u>\$ 643,184</u>	<u>\$ 78,708</u>	<u>\$ 8,233,264</u>
<b>Liabilities</b>				
Accounts Payable	\$ 10,918	\$ 14,740	\$ 1,065	\$ 26,723
Accrued Wages and Benefits	1,228,286	118,754	25,829	1,372,869
Intergovernmental Payable	259,235	19,621	5,948	284,804
Matured Compensated Absences Payable	110,419	0	0	110,419
Interfund Payable	0	314,669	33,386	348,055
<i>Total Liabilities</i>	<u>1,608,858</u>	<u>467,784</u>	<u>66,228</u>	<u>2,142,870</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	2,331,212	77,527	7,634	2,416,373
<b>Fund Balances</b>				
Restricted	0	97,873	25,535	123,408
Assigned	42,670	0	0	42,670
Unassigned	3,528,632	0	(20,689)	3,507,943
<i>Total Fund Balances</i>	<u>3,571,302</u>	<u>97,873</u>	<u>4,846</u>	<u>3,674,021</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 7,511,372</u>	<u>\$ 643,184</u>	<u>\$ 78,708</u>	<u>\$ 8,233,264</u>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2015*

<b>Total Governmental Fund Balances</b>		\$ 3,674,021
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,832,937
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 82,896	
Excess Costs	2,296,944	
Charges for Services	<u>36,533</u>	2,416,373
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds.		
Deferred Outflows - Pension	1,777,402	
Deferred Inflows - Pension	(4,239,892)	
Net Pension Liability	<u>(23,488,412)</u>	(25,950,902)
Long-term liabilities, including capital lease obligations payable, are not due and payable in the current period and therefore are not reported in the funds.		
Capital Lease Obligation	(743,211)	
Vacations Payable	(128,807)	
Compensated Absences	<u>(126,948)</u>	<u>(998,966)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$ (19,026,537)</u></u>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2015*

	General	Educational Regional Service System	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Intergovernmental	\$ 1,684,747	\$ 1,678,277	\$ 464,991	\$ 3,828,015
Investment Income	2,316	0	0	2,316
Tuition and Fees	4,629,340	0	0	4,629,340
Charges for Services	7,020,721	0	500	7,021,221
Miscellaneous	47,347	3,154	0	50,501
<i>Total Revenues</i>	<u>13,384,471</u>	<u>1,681,431</u>	<u>465,491</u>	<u>15,531,393</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	1,208,311	0	4,580	1,212,891
Special	4,717,230	303	192,783	4,910,316
Vocational	94,246	0	0	94,246
Support Services:				
Pupils	3,622,779	3,093	169,442	3,795,314
Instructional Staff	2,057,517	1,407,578	67,369	3,532,464
Board of Governors	60,913	0	0	60,913
Administration	986,325	8,134	10,956	1,005,415
Fiscal	327,586	68,514	4,477	400,577
Business	262,280	0	0	262,280
Operation and Maintenance of Plant	457,665	157,052	0	614,717
Central	39,573	4,885	0	44,458
Extracurricular Activities	41,450	0	0	41,450
Debt Service:				
Principal Retirement	77,908	0	0	77,908
Interest and Fiscal Charges	32,024	0	0	32,024
<i>Total Expenditures</i>	<u>13,985,807</u>	<u>1,649,559</u>	<u>449,607</u>	<u>16,084,973</u>
<i>Net Change in Fund Balance</i>	(601,336)	31,872	15,884	(553,580)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>4,172,638</u>	<u>66,001</u>	<u>(11,038)</u>	<u>4,227,601</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 3,571,302</u>	<u>\$ 97,873</u>	<u>\$ 4,846</u>	<u>\$ 3,674,021</u>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2015*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(553,580)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 44,452	
Current Year Depreciation	<u>(58,505)</u>	(14,053)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	(234,424)	
Excess Costs	19,597	
Charges for Services	<u>(98,966)</u>	(313,793)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		77,908
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,556,465
Except for amount reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,081,947)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(14,396)	
Vacations Payable	<u>13,276</u>	<u>(1,120)</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>(330,120)</u></u>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**

**Summit County, Ohio**

*Statement of Fiduciary Net Position*

*Fiduciary Funds*

*June 30, 2015*

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	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 107,163	\$ 150,471
<b>Liabilities</b>		
Undistributed Monies	0	\$ 150,471
<b>Net Position</b>		
Held in Trust for Scholarships	\$ 107,163	

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2015*

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	<u>Private Purpose Trust</u>
<i>Net Position Beginning of Year</i>	<u>\$ 107,163</u>
<i>Net Position End of Year</i>	<u><u>\$ 107,163</u></u>

See accompanying notes to the basic financial statements.

**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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**NOTE 1 - DESCRIPTION OF THE SERVICE CENTER**

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

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

**Reporting Entity**

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

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

During the fiscal year the Service Center is associated with the Metropolitan Regional Service Council (MRSC) also known as Northeast Ohio Network for Educational Technology (NEOnet), which is defined as a jointly governed organization. Representatives from each of the governments that create the organization govern jointly, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding this organization is presented in Note 12.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Service Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles.

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



**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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***A. Basis of Presentation***

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

*Government-wide Financial Statements*

The statement of net position and the statement of activities display information about the Service Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The effect of interfund activity, within governmental type activities columns has been removed from these statements.

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

*Fund Financial Statements*

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

***B. Fund Accounting***

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

*Governmental Funds*

Governmental funds are those through which most governmental functions of the Service Center are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows and liabilities and deferred inflows is reported as fund balance. The following are the Service Center's major governmental funds:

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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General Fund - The general fund is the operating fund of the Service Center and is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the Service Center for any purpose provided it is expended or transferred according to the general laws of Ohio.

Educational Regional Service System Special Revenue Fund – This fund is used to account for grant revenues used to support state and regional education initiatives and efforts to improve school effectiveness and student achievement. The state system consists of sixteen regions. The Service Center is the fiscal agent for the State Support Team Region 8 which includes Portage, Medina and Summit Counties.

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

*Fiduciary Funds*

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

***C. Measurement Focus***

*Government-wide Financial Statements*

The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets, deferred outflows, liabilities and deferred inflows associated with the operation of the Service Center are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

*Fund Financial Statements*

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

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

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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Private purpose trust funds are reported using the economic resources measurement focus and are excluded from the government-wide financial statements.

***D. Basis of Accounting***

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

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Service Center, available means expected to be received within sixty days of year-end.

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

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

**Deferred Inflows of Resources and Deferred Outflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Service Center, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 8.

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Service Center, deferred inflows of resources include pension and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Service Center, unavailable revenue may include intergovernmental grants and charges for services revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 8).

***E. Cash and Investments***

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

During the fiscal year, investments were limited to overnight repurchase agreements. 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. Nonparticipating investment contracts such as repurchase agreements are reported at cost. Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Service Center are presented on the financial statements as "equity in pooled cash and investments." Investments with an initial maturity of more than three months that are not purchased from the pool are reported as "investments." The Service Center did not have any of these types of investments at year-end.

***F. Capital Assets***

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

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.

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

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

<u>Description</u>	<u>Estimated Lives</u>
<i>Building and improvements</i>	<i>50 years</i>
<i>Furniture and equipment</i>	<i>3-20 years</i>
<i>Vehicles</i>	<i>3-5 years</i>

***G. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the Service Center will compensate the employees for the benefits through paid time off or some other means. The Service Center records a liability for accumulated unused vacation time earned for all employees with more than one year of service.

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

***H. Accrued Liabilities and Long-term Obligations***

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

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

***I. Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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***J. Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Service Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

***K. Fund Balance***

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

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

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

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

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

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

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

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

***L. Interfund Transactions***

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

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

***M. 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.

***N. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in the nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Governors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2015.

***O. Implementation of New Accounting Policies***

For the fiscal year ended June 30, 2015, the Service Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*.

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GASB Statement No. 68 requires recognition of the entire net pension liability and a more comprehensive measure of pension expense for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 68 resulted in the inclusion of net pension liability and pension expense components on the full-accrual financial statements. See below for the effect on net position as previously reported.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Service Center.

GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported.

Net Position June 30, 2014	\$ 7,729,003
Adjustments:	
Net Pension Liability	(27,904,013)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>1,478,593</u>
Restated Net Position, July 1, 2014	<u>\$ (18,696,417)</u>

Other than employer contributions subsequent to the measurement date, the Service Center made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board of Governors has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.



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*For the Fiscal Year Ended June 30, 2015*

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury Bills, Notes, Bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus);
7. Certain bankers' acceptances and commercial paper notes for a period of 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Service Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of Service Center cash and deposits is provided by the FDIC, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105% of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions. The policies of the Service Center do not address custodial credit risk for deposits.

***A. Deposits***

At fiscal year end, the carrying amount of the Service Center's deposits was \$(31,384). Based on criteria described in GASB 40, *Deposits and Investments Risk Disclosure*, as of June 30, 2015, 100% of the bank balance of \$47,394 was covered by FDIC.

***B. Investments***

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

Custodial Credit Risk - For an investment, custodial risk is that risk that, in the event of the failure of the counterparty, the Service Center will no longer be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Service Center's investment in a repurchase agreement is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Service Center. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal balance of the securities subject to a repurchase agreement by 2%. The Service Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk- The Service Center's only investment during fiscal year 2015 was in an overnight repurchase account, with a fiscal year ending balance of \$4,850,000. The Service Center's investments in the federal agency securities that underlie the Service Center's repurchase agreement were rated Aaa by Moody's Investor Services.

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

Interest is legally required to be placed in the general fund. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$2,316, which includes \$115 assigned from other Service Center funds.

**NOTE 4 – RECEIVABLES**

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

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A summary of the principal items of intergovernmental receivables follows:

	Governmental Activities
Preschool excess costs	\$ 2,296,944
Service provided to others	316,451
Grants	690,001
Total Intergovernmental Receivable	\$ 3,303,396

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Governmental Activities</b>				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 207,778	\$ 0	\$ 0	\$ 207,778
<i>Capital Assets, Being Depreciated</i>				
Furniture and equipment	828,097	24,639	0	852,736
Building and improvements	1,854,192	0	0	1,854,192
Vehicles	13,169	19,813	0	32,982
<i>Total Capital Assets, Being Depreciated</i>	2,695,458	44,452	0	2,739,910
<i>Accumulated Depreciation</i>				
Furniture and equipment	(773,746)	(17,869)	0	(791,615)
Building and improvements	(269,331)	(38,655)	0	(307,986)
Vehicles	(13,169)	(1,981)	0	(15,150)
<i>Total Accumulated Depreciated</i>	(1,056,246)	(58,505)	0	(1,114,751)
<i>Total Capital Assets Being Depreciated, Net</i>	1,639,212	(14,053)	0	1,625,159
<i>Governmental Activities, Capital Assets, Net</i>	\$ 1,846,990	\$ (14,053)	\$ 0	\$ 1,832,937

\*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 798
Special	12,931
Support Services:	
Instructional Staff	5,487
Administration	18,606
Fiscal	1,849
Business	1,981
Operation and Maintenance of Plant	16,853
Total Depreciation	\$ 58,505

**Summit County Educational Service Center**  
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**NOTE 6 - INTERFUND TRANSACTIONS**

Interfund balances consisted of the following at June 30, 2015, as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
General fund	\$ 348,055	\$ 0
Educational Regional Service System	0	314,669
Other governmental funds	0	33,386
	\$ 348,055	\$ 348,055

As of June 30, 2015, the educational regional service system and other non-major governmental funds reported unencumbered negative cash balances. The amount reported in other governmental funds was made up of \$6,740 in the public school preschool grant fund, \$5,720 in the EHA preschool grant fund and \$20,926 in the miscellaneous federal grants fund. As a result, interfund loans were made by the general fund to eliminate the negative balances. All interfund loans will be repaid in fiscal year 2016 with monies to be received from reimbursable expenditures incurred during fiscal year 2015.

**NOTE 7 - RISK MANAGEMENT**

The Service Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance coverage nor has insurance coverage been significantly reduced in the past three years. The Service Center is a participant in the Stark County Schools Council of Government ("Council") for the purpose of obtaining benefits at a reduced premium for health care. Mutual Health Services Company and the Aultcare Corporation administer the insurance program for health care. Payments are made to the Council for monthly premiums, monthly stop-loss premiums, and administrative charges. The fiscal agent of the Council is the Stark County Educational Service Center. The fiscal agent pays Mutual Health Services and the Aultcare Corporation monthly for all participating districts, the actual amount of claims processed, the stop-loss premium, and the administrative charges.

Premium contributions are determined annually based on the claims experience of the individual member. Premiums can be increased or decreased by up to 20 percent of the prior year's contribution. Members may become liable for additional contributions to fund the liability of the pool. In the event of termination, all participating members' claims would be paid without regard to their individual account balances. The Consortium's Board of Directors has authority to return monies to an exiting member subsequent to the settlement of all claims and expenses.

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

**Summit County Educational Service Center**  
**Summit County, Ohio**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Service Center’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Service Center’s obligation for this liability to annually required payments. The Service Center cannot control benefit terms or the manner in which pensions are financed; however, the Service Center does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description – Service Center non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017*	Eligible to Retire on or after August 1, 2017*
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Service Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Service Center’s contractually required contribution to SERS was \$475,343 for fiscal year 2015. Of this amount \$40,362 is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – Service Center licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

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New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The Service Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The Service Center's contractually required contribution to STRS was \$1,081,122 for fiscal year 2015. Of this amount \$132,635 is reported as an intergovernmental payable.

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***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Service Center's proportion of the net pension liability was based on the Service Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 18,838,671	\$ 4,649,741	\$ 23,488,412
Proportion of the Net Pension Liability	0.07745062%	0.09187500%	
Pension Expense	\$ 746,600	\$ 335,347	\$ 1,081,947

At June 30, 2015, the Service Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 181,363	\$ 39,574	\$ 220,937
Service Center contributions subsequent to the measurement date	1,081,122	475,343	1,556,465
<b>Total Deferred Outflows of Resources</b>	<u>\$ 1,262,485</u>	<u>\$ 514,917</u>	<u>\$ 1,777,402</u>

**Deferred Inflows of Resources**

Net difference between projected and actual earnings on pension plan investments	<u>\$ 3,485,226</u>	<u>\$ 754,666</u>	<u>\$ 4,239,892</u>
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\$1,556,465 reported as deferred outflows of resources related to pension resulting from Service Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	\$ (825,966)	\$ (178,773)	\$ (1,004,739)
2017	(825,966)	(178,773)	(1,004,739)
2018	(825,966)	(178,773)	(1,004,739)
2019	<u>(825,965)</u>	<u>(178,773)</u>	<u>(1,004,738)</u>
	<u>\$ (3,303,863)</u>	<u>\$ (715,092)</u>	<u>\$ (4,018,955)</u>



**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the Service Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Service Center's proportionate share of the net pension liability	\$ 6,633,799	\$ 4,649,741	\$ 2,980,977

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the Service Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Service Center's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the Service Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Service Center's proportionate share of the net pension liability	\$ 26,969,612	\$ 18,838,671	\$ 11,962,631

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**NOTE 9 - POSTEMPLOYMENT BENEFITS**

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

Health Care Plan Description - The Service Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The Service Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2015, 2014, and 2013 were \$83,723, \$48,225 and \$42,347, respectively. For fiscal year 2015, 92 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

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

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

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The Service Center’s contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$80,351, and \$87,902, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**NOTE 10 - LONG TERM OBLIGATIONS**

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

	Restated Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015	Amount Due Within One Year
<i>Governmental Activities:</i>					
<i>Net Pension Liability:</i>					
STRS	\$ 22,440,502	\$ 0	\$ (3,601,831)	\$ 18,838,671	\$ 0
SERS	5,463,511	0	(813,770)	4,649,741	0
<i>Total Net Pension Liability</i>	27,904,013	0	(4,415,601)	23,488,412	0
<i>Other Long-Term Obligations:</i>					
Compensated Absences	112,552	34,030	(19,634)	126,948	53,248
Capital Lease	821,119	0	(77,908)	743,211	80,947
<i>Total Other Long-Term Obligations</i>	933,671	34,030	(97,542)	870,159	134,195
 Total Long Term Obligations	 <u>\$ 28,837,684</u>	 <u>\$ 34,030</u>	 <u>\$ (4,513,143)</u>	 <u>\$ 24,358,571</u>	 <u>\$ 134,195</u>

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

The Service Center pays obligations related to employee compensation from the fund benefitting from their service.

**NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In fiscal year 2008, the Service Center entered into a lease-purchase agreement for HVAC improvements for heating and cooling. This lease meets the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the basic financial statements for the governmental funds. Capital assets acquired by lease have been capitalized in the amount of \$1,230,858; this amount is equal to the present value of the future minimum lease payments at the time of acquisition in the government-wide financial statements.

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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Principal payments in the current fiscal year totaled \$77,908. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2015:

<u>Year</u>	<u>Amount</u>
2016	\$ 109,932
2017	109,932
2018	109,932
2019	109,932
2020	109,932
2021-2023	<u>329,796</u>
Total lease payments	879,456
Less amount representing interest	<u>(136,245)</u>
Present value of minimum lease payments	<u>\$ 743,211</u>

**NOTE 12 - JOINTLY GOVERNED ORGANIZATION**

***Metropolitan Regional Service Council (MRSC)***

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

The Service Center does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to MRSC are made from the general fund. During the current fiscal year the Service Center made \$41,236 in contributions to MRSC.

**NOTE 13 – CONTINGENCIES**

***A. Grants***

The Service Center received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Service Center at June 30, 2015, if applicable, cannot be determined at this time.

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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***B. Litigation***

The Service Center is a party to legal proceedings. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Service Center's financial statements.

***C. School Foundation***

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015, Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or a liability of the Service Center. A portion of the Service Center's foundation receipts are determined by FTE of the member school districts.

**NOTE 14 - FUND DEFICITS**

Fund balances at June 30, 2015 included the following individual fund deficits:

	<u>Fund Balance</u>
Public School Preschool	\$ 9,223
EHA Preschool Grant	4,852
Miscellaneous Federal Grants	6,614

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

**NOTE 15 – FUND BALANCE**

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

**Summit County Educational Service Center**

**Summit County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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

	<u>General</u>	<u>Educational Regional Service System</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for:				
Other Purposes	\$ 0	\$ 97,873	\$ 25,535	\$ 123,408
Assigned for:				
Encumbrances:				
Instructional	9,999	0	0	9,999
Support Services	25,332	0	0	25,332
Other Purposes:				
Public School Support	7,339	0	0	7,339
Total Assigned	<u>42,670</u>	<u>0</u>	<u>0</u>	<u>42,670</u>
Unassigned (Deficit)	<u>3,528,632</u>	<u>0</u>	<u>(20,689)</u>	<u>3,507,943</u>
Total Fund Balance	<u>\$ 3,571,302</u>	<u>\$ 97,873</u>	<u>\$ 4,846</u>	<u>\$ 3,674,021</u>

**NOTE 16 – ENCUMBRANCE COMMITMENTS**

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

<u>Fund</u>	<u>Amount</u>
General	\$ 35,331
Educational Regional Service System	31,123
Other Governmental Funds	1,906
	<u>\$ 68,360</u>



**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Required Supplementary Information*  
*Schedule of the Service Center's Proportionate Share of the Net Pension Liability*  
*Last Two Fiscal Years (1)*

	<u>2014</u>	<u>2013</u>
<b><i>State Teachers Retirement System (STRS)</i></b>		
Service Center's proportion of the net pension liability (asset)	0.07745062%	0.07745062%
Service Center's proportionate share of the net pension liability (asset)	\$ 18,838,671	\$ 22,440,502
Service Center's covered-employee payroll	\$ 8,035,138	\$ 8,790,177
Service Center's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	234.45%	255.29%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%
<b><i>School Employees Retirement System (SERS)</i></b>		
Service Center's proportion of the net pension liability (asset)	0.09187500%	0.09187500%
Service Center's proportionate share of the net pension liability (asset)	\$ 4,649,741	\$ 5,463,511
Service Center's covered-employee payroll	\$ 3,131,494	\$ 3,476,590
Service Center's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	148.48%	157.15%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date.

**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Required Supplementary Information*  
*Schedule of Service Center Contributions*  
*Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ 1,081,122	\$ 1,044,568	\$ 1,142,723	\$ 1,051,143
Contributions in Relation to the Contractually Required Contribution	<u>(1,081,122)</u>	<u>(1,044,568)</u>	<u>(1,142,723)</u>	<u>(1,051,143)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Service Center's covered-employee payroll	\$ 7,722,300	\$ 8,035,138	\$ 8,790,177	\$ 8,085,715
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%
 <b><i>School Employees Retirement System (SERS)</i></b>				
Contractually required contribution	\$ 475,343	\$ 434,025	\$ 481,160	\$ 403,426
Contributions in relation to the contractually required contribution	<u>(475,343)</u>	<u>(434,025)</u>	<u>(481,160)</u>	<u>(403,426)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Service Center's covered-employee payroll	\$ 3,606,548	\$ 3,131,494	\$ 3,476,590	\$ 2,999,450
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

n/a - Information prior to 2009 is not available.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 907,188	\$ 859,095	\$ 826,826	\$ 711,627	\$ 640,370	\$ 571,705
<u>(907,188)</u>	<u>(859,095)</u>	<u>(826,826)</u>	<u>(711,627)</u>	<u>(640,370)</u>	<u>(571,705)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 6,978,369	\$ 6,608,423	\$ 6,360,200	\$ 5,474,054	\$ 4,925,923	\$ 4,397,731
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$ 339,732	\$ 663,952	\$ 469,137	n/a	n/a	n/a
<u>(339,732)</u>	<u>(663,952)</u>	<u>(469,137)</u>	n/a	n/a	n/a
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	n/a	n/a	n/a
\$ 2,702,721	\$ 4,903,634	\$ 4,767,652	n/a	n/a	n/a
12.57%	13.54%	9.84%	n/a	n/a	n/a

*Combining Statements for  
Nonmajor Governmental Funds*

## **Combining Statements – Nonmajor Funds**

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### **Nonmajor Special Revenue Funds**

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

#### Miscellaneous Local Grants

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

#### Public School Preschool

To account for state monies used to assist the Service Center in paying the cost of preschool programs for children ages three through five year.

#### Dual Credit Grant

To account for activities established under House Bill 119, ALI 200-536 for the purpose of increasing the number of high school students earning or dual credit in the high school setting and to build statewide capacity to deliver high quality coursework and instruction in mathematics, science, and foreign language.

#### Teach Ohio Grant

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

#### EHA Preschool Grant

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

#### Miscellaneous Federal Grants

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

**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2015*

	Miscellaneous Local Grants	Public School Preschool	Dual Credit Grant	Teach Ohio Grant
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 3,421	\$ 0	\$ 17,415	\$ 4,699
Receivables:				
Intergovernmental	0	19,187	0	0
<i>Total Assets</i>	<u>\$ 3,421</u>	<u>\$ 19,187</u>	<u>\$ 17,415</u>	<u>\$ 4,699</u>
<b>Liabilities</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	15,754	0	0
Intergovernmental Payable	0	2,734	0	0
Interfund Payable	0	6,740	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>25,228</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	0	3,182	0	0
<b>Fund Balances</b>				
Restricted	3,421	0	17,415	4,699
Unassigned (Deficit)	0	(9,223)	0	0
<i>Total Fund Balances</i>	<u>3,421</u>	<u>(9,223)</u>	<u>17,415</u>	<u>4,699</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 3,421</u>	<u>\$ 19,187</u>	<u>\$ 17,415</u>	<u>\$ 4,699</u>

EHA Preschool Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 25,535
<u>17,602</u>	<u>16,384</u>	<u>53,173</u>
<u>\$ 17,602</u>	<u>\$ 16,384</u>	<u>\$ 78,708</u>
\$ 249	\$ 816	\$ 1,065
10,075	0	25,829
1,958	1,256	5,948
<u>5,720</u>	<u>20,926</u>	<u>33,386</u>
<u>18,002</u>	<u>22,998</u>	<u>66,228</u>
<u>4,452</u>	<u>0</u>	<u>7,634</u>
0	0	25,535
<u>(4,852)</u>	<u>(6,614)</u>	<u>(20,689)</u>
<u>(4,852)</u>	<u>(6,614)</u>	<u>4,846</u>
<u>\$ 17,602</u>	<u>\$ 16,384</u>	<u>\$ 78,708</u>

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

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2015*

	Miscellaneous Local Grants	Public School Preschool	Dual Credit Grant	Teach Ohio Grant
<b>Revenues</b>				
Intergovernmental	\$ 0	\$ 166,149	\$ 0	\$ 24,864
Charges for Services	500	0	0	0
<i>Total Revenues</i>	<u>500</u>	<u>166,149</u>	<u>0</u>	<u>24,864</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	0	4,580	0
Special	892	105,698	0	0
Support Services:				
Pupils	0	60,120	0	0
Instructional Staff	4,280	0	0	10,501
Administration	0	0	0	10,956
Fiscal	0	0	0	0
<i>Total Expenditures</i>	<u>5,172</u>	<u>165,818</u>	<u>4,580</u>	<u>21,457</u>
<i>Net Change in Fund Balance</i>	(4,672)	331	(4,580)	3,407
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>8,093</u>	<u>(9,554)</u>	<u>21,995</u>	<u>1,292</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$ 3,421</u>	<u>\$ (9,223)</u>	<u>\$ 17,415</u>	<u>\$ 4,699</u>



EHA Preschool Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 114,134	\$ 159,844	\$ 464,991
0	0	500
<u>114,134</u>	<u>159,844</u>	<u>465,491</u>
0	0	4,580
86,193	0	192,783
30,000	79,322	169,442
150	52,438	67,369
0	0	10,956
0	4,477	4,477
<u>116,343</u>	<u>136,237</u>	<u>449,607</u>
(2,209)	23,607	15,884
<u>(2,643)</u>	<u>(30,221)</u>	<u>(11,038)</u>
<u>\$ (4,852)</u>	<u>\$ (6,614)</u>	<u>\$ 4,846</u>

## **Combining Statements Agency Funds**

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Agency funds are used to account for assets held by the Service Center as an agent for individuals, private organizations, and other governments. A description of the Service Center's agency funds follows:

### Service Center Agency

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

### Employee Benefits

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

**Summit County Educational Service Center**  
**Summit County, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*All Agency Funds*  
*For the Fiscal Year Ended June 30, 2015*

	Beginning Balance 7/1/14	Additions	Deductions	Ending Balance 6/30/15
<b>Service Center Agency</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Investments	\$ 161,671	\$ 44,485	\$ 55,685	\$ 150,471
<u>Receivables:</u>				
Intergovernmental	1,010	0	1,010	0
Total Assets	<u>\$ 162,681</u>	<u>\$ 44,485</u>	<u>\$ 56,695</u>	<u>\$ 150,471</u>
<u>Liabilities:</u>				
Accounts Payable	\$ 7,420	\$ 0	\$ 7,420	\$ 0
Undistributed Monies	155,261	7,420	12,210	150,471
Total Liabilities	<u>\$ 162,681</u>	<u>\$ 7,420</u>	<u>\$ 19,630</u>	<u>\$ 150,471</u>
<b>Employee Benefits</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Investments	\$ 1,339	\$ 0	\$ 1,339	\$ 0
Total Assets	<u>\$ 1,339</u>	<u>\$ 0</u>	<u>\$ 1,339</u>	<u>\$ 0</u>
<u>Liabilities:</u>				
Intergovernmental Payable	\$ 1,339	\$ 0	\$ 1,339	\$ 0
Total Liabilities	<u>\$ 1,339</u>	<u>\$ 0</u>	<u>\$ 1,339</u>	<u>\$ 0</u>
<b>Total - All Agency Funds</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Investments	\$ 163,010	\$ 44,485	\$ 57,024	\$ 150,471
<u>Receivables:</u>				
Intergovernmental	1,010	0	1,010	0
Total Assets	<u>\$ 164,020</u>	<u>\$ 44,485</u>	<u>\$ 58,034</u>	<u>\$ 150,471</u>
<u>Liabilities:</u>				
Accounts Payable	\$ 7,420	\$ 0	\$ 7,420	\$ 0
Intergovernmental Payable	1,339	0	1,339	0
Undistributed Monies	155,261	7,420	12,210	150,471
Total Liabilities	<u>\$ 164,020</u>	<u>\$ 7,420</u>	<u>\$ 20,969</u>	<u>\$ 150,471</u>

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The background of the entire page is a close-up, slightly blurred image of the American flag, showing the stars and stripes. The top portion shows the stars, and the bottom portion shows the stripes.

Summit County

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**Educational  
Service Center**

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**Statistical Section**

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## STATISTICAL SECTION

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

<u>Statistical Section Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the Service Center's financial performance has changed over time.	59-66
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the affordability of the Service Center's most significant local revenue source, "charges for services".	67
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within the Service Center's financial activities take place.	68-74
<b>Operating</b>	
These schedules contain service data to help the reader understand how the information in the Service Center's financial report relates to the services the Service Center provides and the activities performed.	75-80
<b>Debt Information</b>	
This schedule presents information to help the reader assess the affordability of the Service Center's current levels of outstanding debt.	81

With the implementation of GASB No. 68 in fiscal year 2015, the calculation of pension expense has changed, however, government-wide expenses for 2014 and prior fiscal years were not restated to reflect this change.

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

	2015	Restated 2014	2013	2012
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 1,089,726	\$ 1,025,871	\$ 1,000,298	\$ 956,194
Restricted	185,363	398,572	106,979	333,572
Unrestricted	(20,301,626)	(20,120,860)	6,193,617	6,052,372
Total Governmental Activities Net Position	<u>\$ (19,026,537)</u>	<u>\$ (18,696,417)</u>	<u>\$ 7,300,894</u>	<u>\$ 7,342,138</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 1,089,726	\$ 1,025,871	\$ 1,000,298	\$ 956,194
Restricted	185,363	398,572	106,979	333,572
Unrestricted	(20,301,626)	(20,120,860)	6,193,617	6,052,372
Total Primary Government Net Position	<u>\$ (19,026,537)</u>	<u>\$ (18,696,417)</u>	<u>\$ 7,300,894</u>	<u>\$ 7,342,138</u>

Source: FY2006- FY2015 Service Center Audit Reports



<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 947,583	\$ 934,281	\$ 957,966	\$ 956,526	\$ 993,685	\$ 1,022,788
377,913	673,040	471,531	1,864,256	272,331	166,267
<u>6,581,550</u>	<u>6,797,030</u>	<u>6,511,875</u>	<u>4,873,940</u>	<u>4,904,129</u>	<u>4,051,896</u>
<u>\$ 7,907,046</u>	<u>\$ 8,404,351</u>	<u>\$ 7,941,372</u>	<u>\$ 7,694,722</u>	<u>\$ 6,170,145</u>	<u>\$ 5,240,951</u>
\$ 947,583	\$ 934,281	\$ 957,966	\$ 956,526	\$ 993,685	\$ 1,022,788
377,913	673,040	471,531	1,864,256	272,331	166,267
<u>6,581,550</u>	<u>6,797,030</u>	<u>6,511,875</u>	<u>4,873,940</u>	<u>4,904,129</u>	<u>4,051,896</u>
<u>\$ 7,907,046</u>	<u>\$ 8,404,351</u>	<u>\$ 7,941,372</u>	<u>\$ 7,694,722</u>	<u>\$ 6,170,145</u>	<u>\$ 5,240,951</u>

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

	2015	2014	2013 (1)	2012
<b>Primary Government:</b>				
<u>Expenses:</u>				
Governmental Activities:				
Instruction:				
Regular	\$ 1,184,980	\$ 996,270	\$ 546,062	\$ 867,600
Special	4,766,970	5,026,161	6,756,094	5,771,610
Vocational	91,452	89,261	68,790	75,995
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	3,597,195	3,480,941	3,754,776	3,649,489
Instructional Staff	3,412,131	4,130,917	4,449,228	4,622,772
Board of Governors	60,798	49,984	56,629	68,640
Administration	1,002,026	1,008,675	1,013,927	647,737
Fiscal	320,142	307,756	315,483	345,505
Business	269,610	33,365	32,837	56,890
Operation and Maintenance of Plant	499,475	526,689	561,598	388,307
Pupil Transportation	0	0	0	0
Central	45,987	67,707	123,273	193,077
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	40,719	48,911	56,208	57,482
Interest and fiscal charges	32,024	34,948	37,763	40,472
Total Governmental Activities - Expenses	<u>15,323,509</u>	<u>15,801,585</u>	<u>17,772,668</u>	<u>16,785,576</u>
<u>Program Revenues:</u>				
Governmental Activities:				
Charges for Services and Sales:				
Instruction:				
Regular	623,625	471,218	43,549	488,860
Special	4,278,828	5,544,529	6,395,013	4,926,528
Vocational	51,261	75,522	24,417	61,149
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	2,822,338	3,359,445	3,414,118	3,065,263
Instructional Staff	1,981,385	1,566,055	1,632,620	1,636,128
Board of Governors	32,494	0	0	10,065
Administration	720,402	425,693	653,681	337,676
Fiscal	217,062	265,909	267,505	272,678
Business	135,538	13,411	14,929	11,154
Operation and Maintenance of Plant	401,822	325,544	359,113	222,971
Central	22,476	49,421	76,205	133,655
Operation of Non-Instructional Services	121	0	0	0
Extracurricular	23,097	31,172	46,705	46,902
Operating Grants and Contributions:				
Instruction:				
Regular	0	0	7,608	303,486
Special	194,137	202,009	225,082	206,355
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	187,170	97,546	62,245	63,797
Instructional Staff	1,306,020	1,831,653	1,749,760	1,862,649
Administration	19,821	64,400	1,722	56
Fiscal	65,267	118,656	100,818	4,831
Operation and Maintenance of Plant	137,568	188,599	142,704	62,936
Central	4,279	6,316	48,447	33,473
Operation of Non-Instructional Services	0	0	0	0
Total Governmental Activities Program Revenues	<u>13,224,711</u>	<u>14,637,098</u>	<u>15,266,241</u>	<u>13,750,612</u>
Net (expense)/revenue	(2,098,798)	(1,164,487)	(2,506,427)	(3,034,964)
<u>General Revenues and Other Changes in Net Position</u>				
Grants and Entitlements not Restricted to Specific Programs	1,719,015	1,588,760	2,458,618	2,448,486
Investment Earnings	2,316	3,736	5,669	6,361
Miscellaneous	47,347	100	600	15,209
Total Governmental Activities	<u>1,768,678</u>	<u>1,592,596</u>	<u>2,464,887</u>	<u>2,470,056</u>
<u>Change in Net Position:</u>				
Governmental Activities	<u>\$ (330,120)</u>	<u>\$ 428,109</u>	<u>\$ (41,540)</u>	<u>\$ (564,908)</u>

Source: FY2006 - FY2015 Service Center Audit Reports

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

Amount was not significant and would not impact the analysis.

2011	2010	2009	2008	2007	2006
\$ 923,978	\$ 913,601	\$ 605,811	\$ 540,996	\$ 369,429	\$ 349,962
4,327,833	3,812,318	3,373,034	2,998,717	2,904,473	2,359,153
88,980	69,889	65,783	60,090	58,931	56,693
0	0	1,550	1,215	1,888	4,739
3,136,536	2,993,203	2,883,336	2,964,052	2,586,241	2,413,522
4,250,972	4,187,584	4,624,215	3,204,321	2,284,496	2,256,066
59,229	87,926	60,635	69,199	55,669	58,371
706,592	810,933	1,226,557	1,332,565	846,333	778,517
317,541	457,431	332,287	307,573	270,605	249,872
47,809	32,585	42,141	42,678	63,513	45,152
316,129	395,811	427,400	210,114	123,790	106,250
0	0	0	226,744	0	0
200,088	210,520	253,570	12,696	248,083	207,542
0	13,000	0	0	0	0
56,002	21,865	43,959	1,778	19,638	13,166
43,172	46,230	49,229	0	2,299	1,545
<u>14,474,861</u>	<u>14,052,896</u>	<u>13,989,507</u>	<u>11,972,738</u>	<u>9,835,388</u>	<u>8,900,550</u>
541,225	673,409	415,158	300,784	161,796	121,485
3,362,495	3,202,215	2,755,621	2,342,484	2,312,742	1,737,617
69,192	66,643	60,088	50,568	145,649	109,360
0	0	0	0	6,156	4,622
2,464,636	2,633,798	2,501,779	2,369,294	1,736,547	1,303,883
1,797,166	1,641,917	1,453,927	1,463,840	1,287,488	966,602
48,073	23,853	0	58,051	2,198	1,650
539,361	393,634	506,014	523,350	1,088,987	817,664
113,086	298,316	260,372	225,858	40,654	30,525
35,863	1,699	4,128	34,815	3,078	2,311
240,878	115,736	105,538	109,400	4,837	3,632
132,324	152,931	192,978	157,361	231,928	174,141
0	0	0	0	0	0
44,125	20,685	40,358	0	0	0
210,085	145,642	218,379	219,603	94,038	459,995
129,913	139,951	41,671	149,113	181,428	218,335
0	0	0	1,222	0	0
54,383	63,038	97,383	123,746	0	29,299
1,771,441	2,213,428	2,472,629	1,734,960	384,365	121,223
23,644	71,438	374,738	986,919	281,165	0
86,332	133,739	43,367	16,810	0	0
60,067	167,923	193,768	49,022	0	0
6,506	38,782	3,000	0	3,000	482
0	12,768	0	0	0	0
<u>11,730,795</u>	<u>12,211,545</u>	<u>11,740,896</u>	<u>10,917,200</u>	<u>7,966,056</u>	<u>6,102,826</u>
(2,744,066)	(1,841,351)	(2,248,611)	(1,055,538)	(1,869,332)	(2,797,724)
2,351,492	2,290,684	2,406,256	2,302,630	2,441,160	2,487,564
9,617	13,157	65,048	228,370	329,136	255,665
314	489	23,957	49,115	28,230	115,517
<u>2,361,423</u>	<u>2,304,330</u>	<u>2,495,261</u>	<u>2,580,115</u>	<u>2,798,526</u>	<u>2,858,746</u>
<u>\$ (382,643)</u>	<u>\$ 462,979</u>	<u>\$ 246,650</u>	<u>\$ 1,524,577</u>	<u>\$ 929,194</u>	<u>\$ 61,022</u>

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

	<u>General Fund</u>			
	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Restated Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012
Unreserved	\$ 0	\$ 0	\$ 0	\$ 0
Reserved	0	0	0	0
Assigned	42,670	63,090	53,871	50,155
Unassigned	3,528,632	4,109,548	4,705,544	4,305,462
<b>Total fund balance</b>	<b>\$ 3,571,302</b>	<b>\$ 4,172,638</b>	<b>\$ 4,759,415</b>	<b>\$ 4,355,617</b>

	<u>All Other Governmental Funds</u>			
	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012
Fund balance, reserved	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance, unreserved reported in:				
Special revenue funds	0	0	0	0
Capital project funds	0	0	0	0
Restricted	123,408	97,381	99,168	49,934
Unassigned	(20,689)	(42,418)	(1,759)	(188,612)
<b>Total fund balance</b>	<b>\$ 102,719</b>	<b>\$ 54,963</b>	<b>\$ 97,409</b>	<b>\$ (138,678)</b>

Source: FY2006 - FY2015 Service Center Audit Report

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

Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
\$ 0	\$ 0	\$ 5,046,947	\$ 5,300,862	\$ 4,013,583	\$ 3,874,349
0	0	90,147	130,629	133,345	80,720
56,747	35,566	N/A	N/A	N/A	N/A
6,046,993	5,393,947	N/A	N/A	N/A	N/A
<u>\$ 6,103,740</u>	<u>\$ 5,429,513</u>	<u>\$ 5,137,094</u>	<u>\$ 5,431,491</u>	<u>\$ 4,146,928</u>	<u>\$ 3,955,069</u>

Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
\$ 0	\$ 0	\$ 81,920	\$ 447,043	\$ 111,352	\$ 16,904
0	0	342,351	(71,835)	160,973	149,363
0	0	2,243	1,231,224	0	0
92,808	269,620	N/A	N/A	N/A	N/A
(195,023)	0	N/A	N/A	N/A	N/A
<u>\$ (102,215)</u>	<u>\$ 269,620</u>	<u>\$ 426,514</u>	<u>\$ 1,606,432</u>	<u>\$ 272,325</u>	<u>\$ 166,267</u>

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

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013 (1)	Fiscal Year Ended June 30, 2012
<b>Revenues:</b>				
Intergovernmental	\$ 3,828,015	\$ 3,810,452	\$ 5,142,393	\$ 5,317,018
Investment Income	2,316	3,736	5,669	6,361
Tuition and Fees	4,629,340	3,823,612	5,051,826	1,608,558
Gifts and Donations	0	2,600	0	599
Charges for Services	7,021,221	7,899,943	8,491,724	8,352,304
Miscellaneous	50,501	5,920	2,566	15,207
<b>Total Revenues</b>	<b>15,531,393</b>	<b>15,546,263</b>	<b>18,694,178</b>	<b>15,300,047</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	1,212,891	998,698	543,923	873,398
Special	4,910,316	5,025,815	6,748,033	5,755,354
Vocational	94,246	89,148	69,135	75,510
Adult/Continuing	0	0	0	0
<b>Support Services:</b>				
Pupils	3,795,314	3,526,026	3,754,038	3,658,288
Instructional Staff	3,532,464	4,196,284	4,502,347	4,693,692
Board of Governors	60,913	49,984	56,629	68,640
Administration	1,005,415	997,252	978,948	619,275
Fiscal	400,577	418,076	432,623	467,530
Business	262,280	33,335	32,874	56,875
Operation and Maintenance of Plant	614,717	615,403	645,956	449,129
Central	44,458	66,622	123,943	199,228
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	41,450	48,911	56,208	57,782
Capital Outlay	0	0	0	0
<b>Debt Service:</b>				
Principal Retirement	77,908	74,984	72,169	69,460
Interest and Fiscal Charges	32,024	34,948	37,763	40,472
<b>Total Expenditures</b>	<b>16,084,973</b>	<b>16,175,486</b>	<b>18,054,589</b>	<b>17,084,633</b>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	(553,580)	(629,223)	639,589	(1,784,586)
<b>Other Financing Sources (Uses):</b>				
Inception of Capital Lease	0	0	0	0
Proceeds from Lease-purchase Agreement	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>\$ (553,580)</b>	<b>\$ (629,223)</b>	<b>\$ 639,589</b>	<b>\$ (1,784,586)</b>

Debt Service as a Percentage of Noncapital Expenditures	0.7%	0.7%	0.6%	0.6%
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Source: FY2006 - FY2015 Service Center Audit Reports

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

Amount was not significant and would not impact the analysis.

Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
\$ 4,798,963	\$ 5,043,267	\$ 6,064,539	\$ 5,292,136	\$ 3,383,717	\$ 3,318,493
9,617	13,157	65,048	228,370	329,136	255,665
2,989,405	1,621,441	1,021,296	1,633,981	622,444	1,046,086
0	13,330	0	9,200	804	1,598
7,412,298	7,559,568	6,596,537	6,057,338	5,806,717	4,595,247
6,863	2,657	22,235	94,670	29,670	115,515
<u>15,217,146</u>	<u>14,253,420</u>	<u>13,769,655</u>	<u>13,315,695</u>	<u>10,172,488</u>	<u>9,332,604</u>
924,067	912,276	605,374	540,400	368,742	336,401
4,317,750	3,790,998	3,356,855	2,988,392	2,897,878	2,349,568
88,926	69,782	65,496	59,943	58,788	56,434
0	0	1,550	1,215	1,888	4,739
3,171,368	2,995,724	2,912,098	2,949,490	2,573,179	2,439,096
4,337,367	4,158,601	4,622,372	3,194,039	2,307,966	2,243,598
59,229	87,926	60,635	69,199	55,669	58,371
729,115	793,852	1,215,504	1,329,878	868,685	799,137
460,589	452,161	329,721	306,580	307,187	271,289
45,163	31,755	39,721	38,642	60,758	44,675
411,552	345,834	382,724	178,773	97,064	951,376
198,113	208,469	256,179	247,015	245,847	209,720
0	13,000	0	0	0	0
55,936	21,631	43,959	12,725	19,628	13,156
0	0	1,230,858	0	0	0
72,407	74,994	71,995	9,514	8,993	12,203
43,172	46,230	49,229	1,778	2,299	1,545
<u>14,914,754</u>	<u>14,003,233</u>	<u>15,244,270</u>	<u>11,927,583</u>	<u>9,874,571</u>	<u>9,791,308</u>
302,392	250,187	(1,474,615)	1,388,112	297,917	(458,704)
0	0	0	0	0	49,087
0	0	0	1,230,858	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,230,858</u>	<u>0</u>	<u>49,087</u>
<u>\$ 302,392</u>	<u>\$ 250,187</u>	<u>\$ (1,474,615)</u>	<u>\$ 2,618,970</u>	<u>\$ 297,917</u>	<u>\$ (409,617)</u>
0.8%	0.9%	0.9%	0.1%	0.1%	0.1%

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

<b>Source</b>	<b>Fiscal Year 2015 (1) Amount</b>	<b>% Of The Total Largest Own Revenue Source</b>	<b>Source (4)</b>	<b>Fiscal Year 2006 (1) Amount</b>	<b>% Of The Total Largest Own Revenue Source</b>
Preschool Excess Costs	\$ 2,360,200	21%	Preschool Excess Costs	\$ 725,481	14%
School Foundation Basic Allowance	1,316,255	12%	Copley-Fairlawn School District	523,826	10%
Kids First Autism	900,000	8%	Springfield Local School District	472,430	9%
Foundation Preschool Units	540,795	5%	Cuyahoga Falls School District	407,398	8%
Psychological Services Contracted	601,030	5%	Green Local School District	349,764	7%
Contract Services Copley-Fairlawn	602,822	5%	Revere Local School District	348,812	7%
Contracted Services - CVCA	486,053	4%			0%
Contracted Services - Barberton	424,539	4%			0%
Contract Services Twinsburg	437,492	4%			0%
Greater Summit County Early Learning Center	652,189	6%			0%
Total Top Payers/Users of Services	<u>8,321,375</u>	<u>74%</u>		<u>2,827,711</u>	<u>55%</u>
Total Charges for Services (2)	<u>\$ 11,310,449</u>		Total Charges for Services (2)	<u>\$ 5,273,492</u>	

**Most significant services provided to member districts (3):**

Services provided by the Service Center to member districts interested in our assistance include:

- \*staffing services
- \*curriculum and instruction consultation
- \*psychological services
- \*special education consultation
- \*speech and language supervision/consultation
- \*work study supervisor

- (1) Cash collections for the fiscal year.
- (2) 2006 - 2015 is reported for governmental activities using the accrual basis of accounting.
- (3) There is no direct rate applied to this revenue source. The fees for these revenues vary from service to service provided and vary by member districts who request the services.
- (4) The Service Center has changed the method of presenting the information above to provide more detail to the users of this information. The 2006 information has not been revised as it was not readily available at this time.

Source: Service Center's financial records.



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

	<u>2005</u>	<u>2014</u>
Civilian labor force in county	290,200	271,600
Unemployed in county	16,700	15,700
Unemployment rate in county	5.8%	5.8%
Unemployment rate - Ohio	5.9%	5.7%

**Ten Largest Employers in Summit County as of December 31, 2014**

<b>Employer</b>	<b>Nature of Activity or Business</b>	<b>Approximate Number of Employees</b>	<b>Percent of Total Employed</b>
Summa Health System	Medical	11,000	4.19%
Akron General Medical Center	Medical	3,742	1.43%
Akron Children's Hospital	Medical	3,380	1.29%
The Goodyear Tire and Rubber Company	Rubber Products	3,000	1.14%
County of Summit, Ohio	Government	2,969	1.13%
Sterling Jewelers Inc.	Retail	2,900	1.11%
Akron Public Schools	Elementary and Secondary Ed	2,645	1.01%
University of Akron	Higher Education	2,622	1.00%
City of Akron	Government	1,828	0.70%
First Merit Corporation	Banking	1,385	0.53%

**Ten Largest Employers in Summit County as of December 31, 2005**

<b>Employer</b>	<b>Nature of Activity or Business</b>	<b>Approximate Number of Employees</b>	<b>Percent of Total Employed</b>
Summa Health System	Medical	6,102	2.23%
Akron General Medical Center	Medical	4,056	1.48%
Goodyear Tire and Rubber Company	Rubber Products	4,000	1.46%
Akron Public School District	Elementary and Secondary Ed	3,500	1.27%
County of Summit, Ohio	Government	3,468	1.28%
University of Akron	High Education	2,845	1.04%
City of Akron	Government	2,579	0.94%
Chrysler Corporation, Stamping Plant	Automotive	2,439	0.89%
First Energy Corporation	Utilities	2,300	0.84%
JoAnn Stores Inc.	Retail	2,200	0.72%

Source: County of Summit/Ohio CAFR

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

School District (1)	2014		2005 Personal Tax Returns	
	Total District Personal Income	Per Capita Personal Income	Total District Personal Income	Per Capita Personal Income
Barberton CSD	\$ 387,934,800	\$ 33,994	\$ 374,969,476	\$ 31,357
Copley-Fairlawn CSD	843,493,364	74,692	693,489,419	65,827
Coventry LSD	302,435,698	46,082	280,161,666	42,244
Cuyahoga Falls CSD	970,239,477	44,833	854,985,722	40,119
Green LSD	846,658,831	66,212	647,976,499	54,548
Hudson CSD	1,489,838,933	128,059	1,314,355,579	116,697
Manchester LSD	213,000,829	48,619	199,871,687	44,794
Mogadore LSD	85,618,404	41,684	78,178,756	38,155
Nordonia Hills CSD	1,029,100,505	59,668	875,654,215	54,187
Norton CSD	324,858,381	48,206	293,205,314	42,704
Revere LSD	1,350,629,733	136,097	1,185,837,070	128,199
Springfield LSD	403,831,992	46,274	319,219,209	36,482
Stow-Munroe Falls CSD	1,183,524,823	57,629	1,062,617,497	52,722
Tallmadge CSD	464,184,799	52,297	397,941,097	46,701
Twinsburg CSD	836,757,797	65,448	658,200,359	57,096
Woodridge LSD	589,926,933	65,042	472,333,550	58,777
Average personal income	\$ 707,627,206			

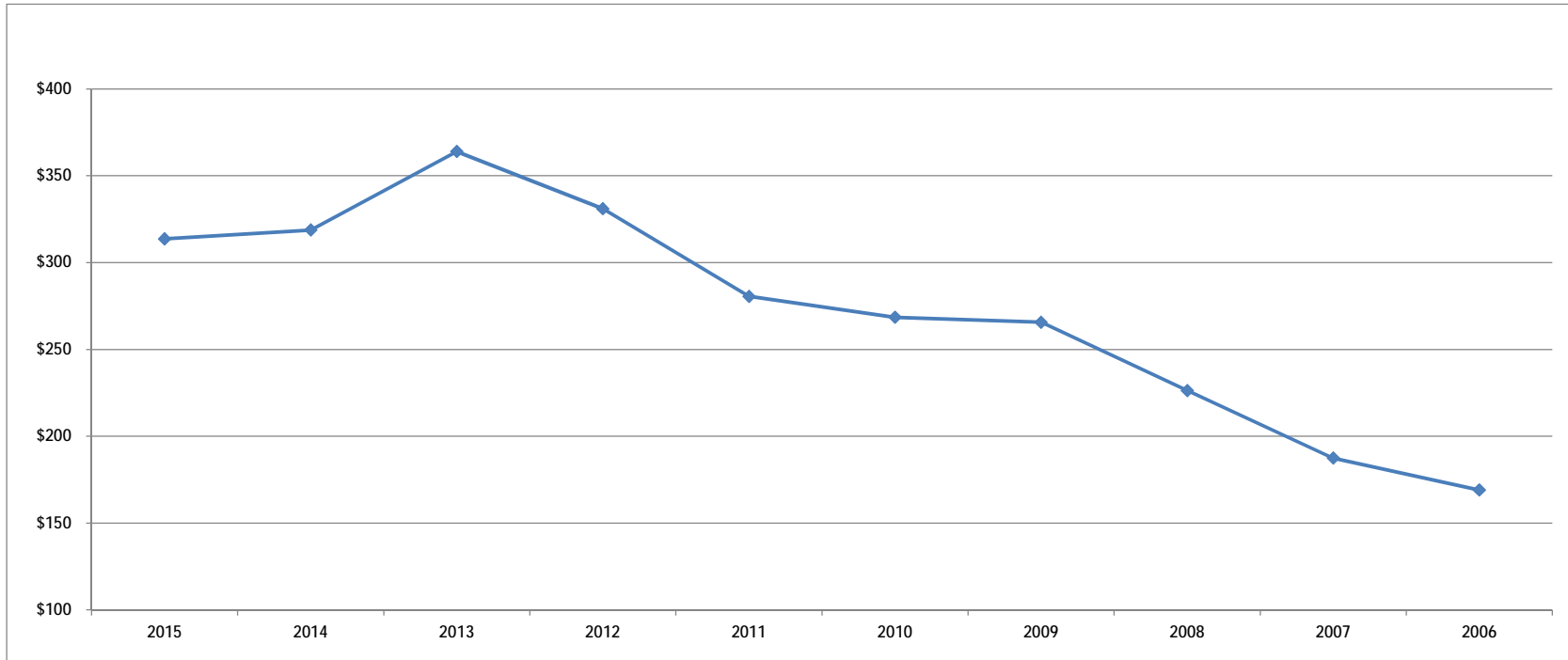
Source: Ohio Department of Taxation

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

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

Fiscal Year Ended June 30	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
(1) Expenses/Expenditures	\$ 15,323,509	\$ 15,801,585	\$ 17,772,668	\$ 16,785,576	\$ 14,474,861	\$ 14,052,896	\$ 13,989,507	\$ 11,972,738	\$ 9,835,388	\$ 8,900,550
(2) ADM	48,863	49,574	48,826	50,710	51,600	52,345	52,665	52,912	52,483	52,681
Expenditures/ADM	\$ 314	\$ 319	\$ 364	\$ 331	\$ 281	\$ 268	\$ 266	\$ 226	\$ 187	\$ 169

**Expenditures per Average Daily Membership (ADM)**

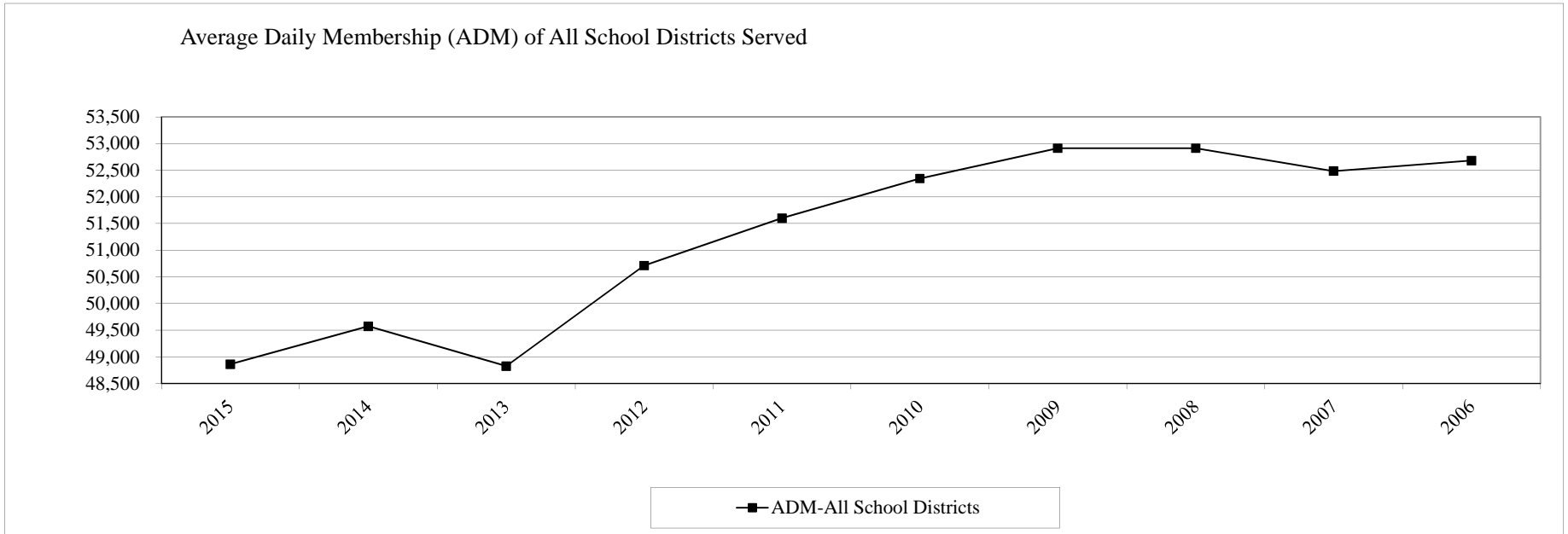


(1) FY2006-FY2015 accrual basis expenses are provided. All provided by Service Center Audit Reports.

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

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

Fiscal Year Ended June 30	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
ADM	48,863	49,574	48,826	50,710	51,600	52,345	52,912	52,912	52,483	52,681
Percent Change	-1.43%	1.53%	-3.72%	-1.72%	-1.42%	-1.07%	0.00%	0.82%	-0.38%	-0.42%



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

Fiscal Year Ended June 30,	Barberton City School District			Copley-Fairlawn City School District		
	2014	2013	2012	2014	2013	2012
Fall Enrollment	3,736	3,739	3,739	2,958	3,069	3,062

Demographic Data:

Average Income	\$26,299	\$25,674	\$24,583	\$46,378	\$45,348	\$45,348
Revenue/Pupil	\$10,210	\$11,742	\$11,252	\$10,287	\$11,605	\$11,173
Local %	25.6%	31.3%	29.3%	73.7%	79.0%	77.1%
State %	55.7%	54.2%	55.7%	18.5%	17.3%	19.6%
Federal %	10.6%	14.5%	15.0%	3.2%	3.7%	3.3%

Fiscal Data:

Effective Mills	61.56	52.66	59.74	61.67	61.67	64.52
Average Teacher Salary	\$58,936	\$58,219	\$57,603	\$61,648	\$61,337	\$61,843

Staff Data:

Staff Attendance Rate	94.50	94.50	95.90	95.50	95.50	95.40
Number of Teachers	217.34	237.00	267.00	141.28	156.83	198.00
Student/Teacher Ratio	17.19	17.19	14.01	20.94	20.94	15.47

Output:

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

Fiscal Year Ended June 30,	Nordonia Hills City School District			Norton City School District		
	2014	2013	2012	2014	2013	2012
Fall Enrollment	3,649	3,720	3,626	2,471	2,467	2,427

Demographic Data:

Average Income	\$43,454	\$43,329	\$45,329	\$36,355	\$35,812	\$35,812
Revenue/Pupil	\$11,268	\$12,008	\$11,034	\$8,128	\$8,996	\$8,534
Local %	65.8%	72.2%	64.1%	35.5%	58.0%	54.6%
State %	24.0%	23.3%	30.9%	39.1%	37.2%	38.9%
Federal %	3.6%	4.5%	5.0%	5.1%	4.8%	6.4%

Fiscal Data:

Effective Mills	67.30	67.30	63.26	58.60	58.80	61.80
Average Teacher Salary	\$62,389	\$62,764	\$63,557	\$52,199	\$53,183	\$53,914

Staff Data:

Staff Attendance Rate	95.40	95.40	95.60	95.70	95.70	95.60
Number of Teachers	190.04	200.62	206.00	128.88	128.63	147.00
Student/Teacher Ratio	19.20	19.20	17.61	19.17	19.17	16.51

Output:

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

NOTE: It has been determined 10 years of data would be too cumbersome for CAFR reporting.  
Information can be obtained from the Service Center Treasurer's office as needed.

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

(1) Information is not available for fiscal year 2015 due to this year still being under audit for some schools.

Coventry Local School District			Cuyahoga Falls City School District			Green Local School District		
2014	2013	2012	2014	2013	2012	2014	2013	2012
2,251	2,274	2,131	4,828	4,840	4,871	3,935	4,026	3,928
\$33,409	\$32,752	\$32,752	\$33,697	\$32,361	\$32,361	\$40,762	\$38,891	\$38,891
\$9,444	\$9,375	\$9,622	\$9,113	\$10,650	\$10,012	\$8,713	\$9,616	\$8,538
42.1%	70.8%	70.0%	51.7%	62.8%	62.0%	51.9%	60.8%	56.9%
23.0%	22.4%	22.6%	32.8%	30.8%	33.7%	37.7%	34.7%	38.0%
8.0%	6.8%	7.3%	6.4%	6.4%	4.4%	4.3%	4.5%	5.1%
77.67	77.87	59.74	69.08	69.08	69.92	43.39	43.62	46.54
\$52,144	\$52,573	\$50,080	\$52,587	\$52,654	\$53,694	\$58,815	\$57,507	\$56,463
94.70	94.70	94.10	95.50	95.50	93.70	93.40	93.40	94.00
112.11	113.24	141.00	270.30	276.26	324.00	206.34	220.54	231.00
20.08	20.08	15.12	17.86	17.86	15.04	19.07	19.07	17.01
94.40	94.40	94.20	95.10	95.10	94.80	95.90	95.80	95.00
96.60	96.60	95.50	89.50	89.50	91.70	95.60	95.60	93.80
Revere Local School District			Springfield Local School District			Stow-Munroe Falls City School District		
2014	2013	2012	2014	2013	2012	2014	2013	2012
2,507	2,573	2,539	2,422	2,334	2,219	5,050	5,080	5,016
\$58,302	\$59,114	\$59,114	\$31,227	\$30,373	\$30,373	\$40,795	\$39,792	\$39,792
\$13,005	\$13,775	\$12,778	\$10,601	\$12,069	\$12,046	\$10,360	\$11,662	\$10,479
74.8%	80.4%	75.9%	37.7%	50.9%	51.4%	56.5%	64.5%	61.2%
17.1%	16.9%	20.9%	41.6%	40.5%	40.0%	31.7%	31.5%	35.3%
2.9%	2.7%	3.2%	6.9%	8.6%	8.5%	3.4%	4.0%	3.4%
61.86	61.92	63.26	51.54	51.46	56.84	52.81	52.89	53.55
\$69,405	\$67,891	\$67,940	\$62,037	\$60,935	\$62,321	\$64,413	\$62,515	\$62,683
95.20	95.20	95.10	93.60	93.60	94.40	95.20	95.20	94.80
139.76	150.91	175.00	144.26	149.19	137.00	235.12	244.53	299.00
17.94	17.94	14.51	16.79	16.79	16.20	21.48	21.48	16.78
96.60	96.60	95.00	93.50	93.50	94.00	95.70	95.70	95.00
99.10	99.10	97.80	94.60	94.60	93.40	95.10	95.10	96.20

**Summit County Educational Service Center**

**Summit County, Ohio**

**Miscellaneous Statistics - School Districts Served**

**Last Three Fiscal Years (1)**

Fiscal Year Ended June 30,	Hudson City School District			Manchester Local School District		
	2014	2013	2012	2014	2013	2012
Fall Enrollment	4,450	4,490	4,489	1,349	1,393	1,321

Demographic Data:

Average Income	\$68,832	\$69,030	\$69,030	\$36,482	\$35,326	\$35,326
Revenue/Pupil	\$11,770	\$14,357	\$13,196	\$10,256	\$10,321	\$8,918
Local %	63.5%	69.1%	65.0%	47.1%	49.5%	47.5%
State %	27.2%	27.3%	32.4%	46.3%	45.8%	47.6%
Federal %	3.0%	3.6%	2.6%	3.3%	5.0%	4.9%

Fiscal Data:

Effective Mills	86.93	86.93	91.24	73.24	67.28	63.93
Average Teacher Salary	\$72,038	\$73,313	\$74,987	\$50,848	\$52,639	\$52,438

Staff Data:

Staff Attendance Rate	95.40	95.40	95.20	96.40	96.40	96.10
Number of Teachers	248.87	258.91	291.00	58.89	60.78	81.00
Student/Teacher Ratio	17.88	17.88	15.43	22.91	22.91	16.31

Output:

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

Fiscal Year Ended June 30,	Tallmadge City School District			Twinsburg City School District		
	2014	2013	2012	2014	2013	2012
Fall Enrollment	2,386	2,450	2,440	4,071	4,232	4,179

Demographic Data:

Average Income	\$36,557	\$35,896	\$35,896	\$46,410	\$45,487	\$45,487
Revenue/Pupil	\$10,581	\$10,881	\$10,288	\$10,019	\$10,055	\$9,680
Local %	50.6%	57.2%	55.3%	61.4%	65.2%	60.5%
State %	38.3%	38.7%	39.5%	31.0%	30.7%	35.5%
Federal %	5.0%	4.1%	5.2%	3.0%	4.1%	4.0%

Fiscal Data:

Effective Mills	66.13	66.26	72.99	62.86	63.00	66.31
Average Teacher Salary	\$59,933	\$57,676	\$59,565	\$70,585	\$71,162	\$67,755

Staff Data:

Staff Attendance Rate	96.20	96.20	95.50	94.00	94.00	94.40
Number of Teachers	141.75	155.05	153.00	190.22	202.63	233.00
Student/Teacher Ratio	16.83	16.83	15.95	21.40	21.40	17.94

Output:

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

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

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

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

(1) Information is not available for fiscal year 2015 due to this year still being under audit for some schools.



Mogadore Local School District		
2014	2013	2012
921	912	869
\$32,294	\$32,204	\$32,204
\$9,710	\$10,125	\$8,907
30.8%	53.0%	50.2%
43.0%	43.3%	45.1%
4.5%	3.7%	4.7%
76.99	76.99	81.72
\$65,032	\$64,028	\$64,750
95.00	95.00	90.00
51.65	51.06	56.00
17.84	17.84	15.52
95.50	95.50	95.00
94.70	94.70	90.60

Woodridge Local School District		
2014	2013	2012
1,879	1,975	1,970
\$34,459	\$33,394	\$33,394
\$11,800	\$11,955	\$11,379
64.9%	72.8%	67.8%
21.5%	2.1%	26.3%
4.8%	5.8%	5.9%
57.51	57.64	61.81
\$62,592	\$62,405	\$59,650
94.80	94.80	93.50
105.99	115.62	125.00
17.73	17.73	15.76
95.60	95.60	95.00
95.50	95.50	96.10

Total/Highest/Lowest All Districts Served									
2014		2013		2012					
48,863		49,574		48,826					
<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>				
\$68,832	\$26,299	\$69,030	\$25,674	\$69,030	\$24,583				
\$13,005	\$8,128	\$14,357	\$8,996	\$13,196	\$8,534				
74.8%	25.6%	80.4%	31.3%	77.1%	29.3%				
55.7%	17.1%	54.2%	2.1%	55.7%	19.6%				
10.6%	2.9%	14.5%	2.7%	15.0%	2.6%				
86.93	43.39	86.93	43.62	91.24	46.54				
\$72,038	\$50,848	\$73,313	\$52,573	\$74,987	\$50,080				
96.40	93.40	96.40	93.40	96.10	90.00				
270.30	51.65	276.26	51.06	324.00	56.00				
22.91	16.79	22.91	16.83	17.94	14.01				
96.60	93.30	96.60	93.30	95.00	92.60				
99.10	83.00	99.10	83.00	97.90	86.40				

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Instruction:				
Regular	32	44	19	14
Special	102	91	91	71
Vocational	2	1	1	1
Support Services:				
Pupils	80	75	75	69
Instructional Staff	41	47	65	61
Administration	40	40	30	29
Fiscal	3	3	3	3
Business	3	1	1	1
Operation and Maintenance of Plant	5	2	1	1
Central	16	16	16	16
Extracurricular	2	1	1	1
Total employees	<u>326</u>	<u>321</u>	<u>303</u>	<u>267</u>

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

Source: Service Center payroll records

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
8	8	8	8	6	7
101	101	96	96	104	95
1	1	1	1	1	1
58	58	55	55	56	42
38	38	36	35	38	37
12	12	12	12	10	7
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	2	1	1
16	16	15	15	16	2
1	1	1	1	1	1
<u>240</u>	<u>240</u>	<u>229</u>	<u>229</u>	<u>237</u>	<u>197</u>

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

	2015	2014	2013
Instruction:			
Regular			
Furniture and Equipment	\$ 1,263	\$ 2,060	\$ 2,858
Special			
Building and Improvements	278,212	285,167	292,122
Furniture and Equipment	25,526	29,858	29,679
Support Services:			
Instructional Staff			
Building and Improvements	69,814	71,559	73,304
Furniture and Equipment	2,426	6,168	10,197
Administration			
Building and Improvements	711,255	729,037	746,818
Furniture and Equipment	2,360	611	1,221
Fiscal			
Furniture and Equipment	2,439	4,287	6,136
Business			
Vehicles	17,832	0	0
Operation and Maintenance of Plant			
Land	207,778	207,778	207,778
Building and Improvements	486,925	499,098	511,271
Furniture and Equipment	27,107	11,367	15,017
Central			
Furniture and Equipment	0	0	0
	<u>\$ 1,832,937</u>	<u>\$ 1,846,990</u>	<u>\$ 1,896,401</u>

Source: Service Center records

(1) Amounts are net of accumulated depreciation.

2012	2011	2010	2009	2008	2007	2006
\$ 3,656	\$ 0	\$ 0	\$ 0	\$ 0	\$ 337	\$ 673
299,078	306,031	312,987	319,944	105,468	107,712	109,956
0	361	3,235	7,771	12,411	17,464	22,518
75,050	76,795	78,540	80,286	82,031	83,776	85,522
20,123	26,179	30,390	39,529	26,657	32,687	30,339
764,595	782,381	800,161	817,943	269,530	275,265	280,999
2,603	6,665	10,729	14,790	18,853	9,938	11,406
7,984	9,969	6,988	8,237	9,600	11,038	5,391
0	0	2,634	7,901	7,901	10,535	0
207,778	207,778	207,778	207,778	207,778	207,778	207,777
523,445	535,618	547,790	559,965	128,905	131,648	134,390
20,154	33,538	43,188	78,955	113,662	141,187	178,339
0	0	0	0	0	104	255
<u>\$ 1,924,466</u>	<u>\$ 1,985,315</u>	<u>\$ 2,044,420</u>	<u>\$ 2,143,099</u>	<u>\$ 982,796</u>	<u>\$ 1,029,469</u>	<u>\$ 1,067,565</u>

*Summit County Educational Service Center*

*Summit County, Ohio*

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

**Last Ten Fiscal Years**

<b>Year</b>	<b>Capital Lease</b>	<b>Total Debt</b>	<b>Average Personal Income Per Member District</b>	<b>Percentage of Total Debt to Personal Income</b>	<b>Outstanding Debt Per Member District</b>
2015	\$ 743,211	\$ 743,211	\$ 707,627,206	0.11%	\$ 46,451
2014	821,119	821,119	759,139,573	0.11%	51,320
2013	896,103	896,103	671,312,708	0.13%	56,006
2012	968,272	968,272	643,929,184	0.15%	60,517
2011	1,037,732	1,037,732	637,606,812	0.16%	64,858
2010	1,110,139	1,110,139	654,388,941	0.17%	69,384
2009	1,185,133	1,185,133	639,958,892	0.19%	74,071
2008	1,257,128	1,257,128	639,958,892	0.20%	78,571
2007	35,784	35,784	606,079,400	0.01%	2,237
2006	44,777	44,777	607,010,035	0.01%	2,799

Source: Ohio Department of Taxation



# Dave Yost • Auditor of State

**SUMMIT COUNTY EDUCATIONAL SERVICE CENTER**

**SUMMIT COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 26, 2016**