

Ashtabula County  
Educational Service  
Center

Name of Project:

Grow Your Own:

Creating, Maintaining, and  
Keeping a New Workforce  
Generation in Ashtabula  
County

## TAB 1: CONTACT INFORMATION

Name of Main Applicant: Ashtabula County Educational Service Center

Address of Main Applicant: 4200 State Road  
Ashtabula, OH 44004

Phone/Fax: Phone: (440) 576-9023  
Fax: (440) 576-3065

Email Address: john.rubesich@neomin.org

Applicant Contact: John M. Rubesich  
Superintendent

County: Ashtabula County

**TAB 2: COLLABORATIVE PARTNERS**

Name of Collaborative Partner: Partnership For Education in Ashtabula County (PEAC)

Address: P. O. Box 1397  
Ashtabula, OH 44005-1397

Phone/Fax: Phone: (440) 998-4149  
Fax: (440) 992-2474

Email Address: lcpeac@embarqmail.com

Nature of Partnership: Seek educational funding

**Schools**

Ashtabula Area City School District  
2630 West 13<sup>th</sup> Street  
Ashtabula, OH 44004  
Phone: (440) 992-1202  
Fax: (440) 992-1209  
E-mail: joseph.donatone@neomin.org

Ashtabula County Board of Developmental Disabilities  
2505 South Ridge East  
Ashtabula, OH 44004  
Phone: (440) 224-2155  
Fax: (440) 224-0678  
E-Mail: anne.zeitler@ashtabuladd.org

Buckeye Local School District  
3436 Edgewood Drive  
Ashtabula, OH 44004  
Phone: (440) 998-4411  
Fax: (440) 992-8369  
E-mail: nancy.l.williams@neomin.org

Conneaut Area City School District  
400 Mill Street, Suite B  
Conneaut, OH 44030  
Phone: (440) 593-7200  
Fax: (440) 593-6253  
E-mail: khouston@cacsk12.org

Geneva Area City School District  
135 South Eagle Street  
Geneva, OH 44041  
Phone: (440) 466-4831  
Fax: (440) 466-0908  
E-mail: mary.zappitelli@neomin.org

Grand Valley Local School District  
1111 Grand Valley Avenue, West, Suite A  
Orwell, OH 44076  
Phone: (440) 437-6260  
Fax: (440) 437-1025  
E-mail: william.nye@neomin.org

Jefferson Area Local School District  
121 South Poplar Street  
Jefferson, OH 44047  
Phone: (440) 576-9180  
Fax: (440) 576-9876  
E-mail: douglas.hladek@neomin.org

Pymatuning Valley Local School District  
P. O. Box 290  
Andover, OH 44003  
Phone: (440) 293-6488  
Fax: (440) 293-7654  
E-mail: alex.geordan@neomin.org

### **Businesses**

Grand River Rubber & Plastics  
2029 Aetna Road, P.O. Box 477  
Ashtabula, OH 44004  
Phone: (440) 998-2900  
Fax: (440) 992-3989  
E-mail: jmisinec@grrp.com

The A. Louis Supply Company  
5510 Main Avenue  
Ashtabula, OH 44004  
Phone: (440) 997-5161  
Fax: (440) 992-5165  
www.alouissupply.com

Ashtabula County Civic Development Corporation  
P. O. Box 131  
Ashtabula, OH 44005  
Phone: (440) 992-2336  
Fax: (440) 992-2336  
E-Mail: [cdc@suite224.net](mailto:cdc@suite224.net)

Plasticolors  
2600 Michigan Avenue  
Ashtabula, OH 44405-0816  
Phone: (440) 997-5137  
Fax: (440) 992-3613  
[www.plasticolors.com](http://www.plasticolors.com)

The **Partnership for Education in Ashtabula County (PEAC)** is a private 503(c)(3) organization that was created in 1999 out of the collaboration and commitment among local community/stakeholder support groups, primarily the Civic Development Corporation of Ashtabula County (CDC), the Ashtabula Foundation, the Ashtabula County Education Partnership (ACEP), and the Growth Partnership Education Committee. From the beginning the alliance shared a common vision for the local communities in Ashtabula County. Four clear requirements/expectations emerged across Ashtabula County and continue to drive our mission:

- Ongoing commitment to strive for educational excellence,
- Dedication to the local community,
- Formation, continuation, and growth of partnerships, and
- Efficient and effective use of resources.

The **Ashtabula County Educational Service Center** is a member of Ohio's statutorily created system that provides leadership, professional development, creativity, innovation, technical support and assistance to meet the customer-driven needs of school districts, their students, and the state of Ohio. Educational Service Centers have elected boards to ensure proper public oversight and accountability. The Ashtabula County Educational Service Center maximizes federal, state, and local dollars to provide services to the school districts of Ashtabula County. Collaborative ventures include special education services, student programs, cooperative endeavors, high quality professional development, and community partnerships.

### TAB 3: PROJECT INFORMATION

#### Name of Project:

Grow Your Own: Creating, Maintaining, and Keeping a New Workforce Generation in Ashtabula County

#### Project Description:

In past years, the manufacturing industry had provided excellent wages for families in Northeastern Ohio. Those industries and wages have declined or have been eliminated, and the industries that remain require more knowledge and skills of their employees than a traditional high school education can provide.

Compounding that problem is the “brain drain” occurring in Ashtabula County. Students leave the county for college or career endeavors, despite the fact that there are jobs here in which one could earn a good living, and do not return.

Many of these jobs do not necessarily require two or four year degrees. In fact, the findings indicate that applied skills on all educational levels trump basic knowledge and skills. In other words, while the “three Rs” are still fundamental to any new workforce entrant’s ability to do the job, particularly *Reading Comprehension and Mathematics*, employers emphasize that applied skills like *Teamwork/Collaboration* and *Critical Thinking* are essential to success at work.

To address these challenges in an efficient, effective, and collaborative way, the schools and businesses/industries in Ashtabula County are committing to work in tandem to help stop the drain on talent by providing internship programs that will enable our young people to explore future career possibilities and/or by preparing them through on-the-job training for needed/required job skills.

The following core components of the project are organized around and appropriate for students interested in pursuing careers in businesses and industries in Ashtabula County.

- A challenging academic component, suitable for the college-bound and those who are not, in the context of real-world applications.
- A demanding technical component which delivers concrete business- and/or industry-related knowledge and skills required for high-skill, high-wage employment.
- A work-based learning component which offers students opportunities to learn through paid intensive apprenticeships and/or internships.
- Supplemental services to help students succeed with a challenging program of study or to help students with their continued learning and training.

The intention of this initiative is that participating businesses and industries will, in due course, provide paid apprenticeships/internships, and commit to covering college tuition up to one semester per year for any student wishing to go on to post-secondary education institutions (state and/or local public, not private). The student will then contract with the organization to work for two years.

Non-college bound students would be guaranteed a position for two years based upon performance and availability of the position.

Identification of Award:

We are seeking a planning grant.

Problem Statement:

The future U.S. workforce is here and it is ill-prepared for the demands of today's (and tomorrow's) workplace, so say employers in Ashtabula County who have been meeting with the educational institutions in the county over the course of the past two years. When asked to assess work force entrants, the employers reported that many new candidates lacked the following skills essential to job success.

Among the most important skills cited by employers:

- Professionalism/Work Ethic
- Oral and Written Communications
- Teamwork/Collaboration and
- Critical Thinking/Problem Solving
- Reading Comprehension

Employers report that entrants into the workforce all too often need remediation to succeed. They are spending inordinate amounts of monies for training or retraining, monies that could be saved through this partnership and be used in a more efficient manner.

Identification of One Targeted Approach:

Efficiency

Explanation of Anticipated Return

Benefits of growing a local labor force through authentic internships:

1. Find future employees -- Implementing an internship program means having an ongoing pipeline of future fulltime employees.
2. Test-drive the talent -- When an organization can "try out" candidates via an internship, fewer mistakes are made when it comes to staffing and the organization can avoid the pitfall of training new hires only to find out they are not a good fit for the organization. An internship program lets the organization benefit from added manpower while more accurately assessing candidates.
3. Increase productivity -- The extra set of hands helps current employees be more productive and prevents them from becoming overburdened by side projects, as well as frees them to accomplish more creative tasks or those where higher level, strategic thinking or expertise is required.

4. Increase employee retention rate -- The proof for test driving the talent is in the positive employee-retention rate.
5. Enhance perspective -- New people bring with them novel perspectives, fresh ideas, and additional strengths and skill sets. These augment the abilities of the current workers.
6. Take advantage of low-cost labor -- Interns are an inexpensive resource.
7. Give back to the community -- An internship program not only helps students in the community get started, it enhances the local workforce as a whole.
8. Support students -- Research indicates that internships are linked directly to improved student performance.
9. Benefit to business -- Learning is the leading draw in an internship program. Most candidates get more hands-on training, real experience, and mentoring opportunities with local organizations.

#### Benefits to Schools and Students:

1. Working and learning in a high-skill, high-wage environment and discover how the knowledge is applied in the workplace.
2. Better understanding of what business and industry expect.
3. Graduates who are well-prepared for promising careers.
4. Better understanding of what it's like to have a job.
5. Determining a career path based on real-world experiences.
6. Deeper understanding of the value of money.

#### Probability of Proposal of Success

We have collaboratively come to the conclusion that over the years, we have focused too exclusively on a few narrow pathways and it is time to widen our lens to build a more finely articulated system that aligns with the needs and interests of our young people and the requirements of our employing organizations. The relatively low education levels of adults in Ashtabula County pose an important barrier to their growing more productive industries, achieving greater economic diversity, and boosting the local standard of living. A major reason eastern Ohio continues to lag in education attainment is because what once worked for the region—*students graduate from high school and easily transition to a high paying job with little or no training*—is no longer working. In reference to economic impact, the manufacturing industry provided excellent wages for families in the county, but those industries and wages have since declined or have been eliminated and the industries that remain require more than a high school diploma.

There is good reason to think that a robust pathways network (as described above) is the best way forward. There's a large body of empirical evidence demonstrating the efficacy of a system that connects work and learning beginning in high school.

The internship statistics below, from the National Association of Colleges and Employers' (NACE) 2009 Experiential Education Survey, demonstrate that the implementation of this collaborative initiative has a high probability for success:

- 67.7% of 2007/2008 interns were offered fulltime positions
- 83.6% of these offers were accepted
- 35.3% of employers' fulltime, entry-level college hires came from their internship programs

Ability to Replicate:

The implementation process of this initiative allows for multiple entry points into the program based on readiness and the level of commitment to the project. Thus, the program is being continuously replicated.

In addition, the participating public and private sector partners will reach out to other entities (public, private, government) within or out of Ashtabula County to help develop a similar program aligned to their needs.

Identification of Larger Consolidation:

This is not part of a larger consolidation effort.

Identification of Past Success on Innovation:

Cooperative Purchasing, Pre-Service School Bus Driver Training Program (includes seven counties), Random Drug Testing Program for all of Ashtabula County bus drivers, Virtual Learning Academy.

Due to a request from the school districts in Ashtabula County, we have formed Building Bridges School. Building Bridges provides an educational option for Ashtabula County special education and regular education students in kindergarten through grade 12 with behavioral concerns. Unlike traditional school settings, Building Bridges focuses on mental health services in addition to academics. Students receive individual and small group counseling in their classrooms. We offer structured classroom environments through the use of visual supports and behavioral strategies. Students participate in sensory integration activities to improve body awareness and body organizational skills which benefit their ability to attend and focus. This saves the districts about approximately 50% of the cost instead of sending them out of the county for these services.

### Response to Current Economy

This initiative is in full alignment to the American Recovery and Reinvestment Act of 2009 “MAKING SUPPLEMENTAL APPROPRIATIONS FOR JOB PRESERVATION AND CREATION, INFRASTRUCTURE INVESTMENT, ENERGY EFFICIENCY AND SCIENCE, ASSISTANCE TO THE UNEMPLOYED, AND STATE AND LOCAL FISCAL STABILIZATION, FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009, AND FOR OTHER PURPOSES.”

Looking at internships from a solution-based perspective, there are two primary needs that can be met: (1) effectively managing the workflow to accomplish immediate objectives, and (2) finding new team members to help grow the organization and accomplish future (i.e. larger, more lucrative) objectives. Setting up an internship program meets both needs simultaneously.

We know that advanced nations place far more emphasis on on-the-job training (internships/apprenticeships) as a mainstream system to help people make the transition from adolescent to productive adult (past successes-efficiency). This is the model that Ashtabula County employers and schools are seeking to follow; a dual system that has students spend time in a paid company-organized training in the workplace, and time in related academic works in the classroom.

In this system, employer organizations will take the lead in defining occupational qualifications--blue and white collar, high tech and trades--providing paid internships or other work-based learning opportunities, and in collaboration with educators, assessing student performance.

The substantial investment yields an economic impact. The research is clear--the best way to get a highly qualified and stable workforce is to invest in the development of young workers, participate directly in their training and socialization in the workplace, and then hire those who have proven themselves to be productive (improved business environment and community attraction).

For example, one of the signature programs of the Cleveland Clinic Office of Civic Education Initiatives is the Summer Internship Program (SIP) started in June 2005. Designed to bridge classroom learning with the real world and increase science literacy, the Summer Internship Program is an intensive, nine-week, paid internship that enables top regional high school students to gain hands-on experience via specialized science-based internships while working alongside world-renowned healthcare professionals, with the experience culminating in a research or creative project. Fostering 21st century skills and STEMM+ principles, students explore science and various health careers through one-on-one mentoring relationships and work as a team with all caregivers, medical students, and internship alumni who model examples of success to incoming interns. The Summer Internship Program seeks to encourage the development of educated, talented individuals who may work to enlarge the reach of scientific discovery, creativity, technology, and foster progress in our regional communities, throughout the nation and around the world. The reach has been vast spanning more than 16 neighboring Northeast Ohio counties serving students from over 80 schools/districts. Five hundred sixty-three graduates of the Summer Internship Program were recently contacted to complete an alumni survey. The online survey was completed by 419 (74%). The survey that contained 22 questions was divided into three main sections to ascertain current educational status, program impact and contact information.

# The Star Beacon; Ashtabula, Ohio



February 7, 2012

## Need for jobs tops county survey

### 300 local professionals emailed questions

By *CARL E. FEATHER* - [cfeather@starbeacon.com](mailto:cfeather@starbeacon.com)  
**Star Beacon**

ASHTABULA — Unemployment tops the list of community needs identified in a survey conducted late last year by the Ashtabula County Community Action Agency.

David Jordan, director of community services for the agency, said the survey was sent to more than 300 Ashtabula county professionals who work in the areas of social services, healthcare, human services, government, education and business. The email request generated 41 completed surveys.

The survey is a requirement of the Community Services Block Grant that funds Community Action programming. Respondents were asked to rank 12 pre-selected issues in order of importance. Jordan said “unemployment” was at the top of the list in 2010 and held that position in the 2011 survey, as well.

“If I did this survey for 20 years, unemployment would probably still be in first place,” Jordan said.

The county’s average unemployment rate in 2011 was 10.7 percent. The December rate ended on an upswing, 9.9 percent from 9.3 in November. Perhaps most significant, however, is that there were 700 fewer Ashtabula County residents employed in December 2011 than there were in December 2010.

The relatively low percentage of college graduates in the county plays into the rate and was reflected in survey responses. When asked what employers in Ashtabula County need most, the overwhelming response was a “trained, educated workforce.”

Going hand-in-hand with that, the greatest needs facing low-income families in the county were identified as “better jobs,” “access to job training” and “better education opportunities.”

Last year, county commissioners launched an effort to make sure that the county’s workforce training dollars are being invested in training for jobs that exist. The board launched that effort after a survey and summit on employer needs revealed that many local companies are hiring, but they can’t find qualified workers in the county labor pool to fill those positions.

Jordan said that JobSource is the leading agency for job training programs in the county, so Community Action does not attempt to duplicate those services. He said the agency can assist job seekers who need additional training by referring them to resources in the community through the Ashtabula County 2-1-1 information and referral service.

The agency is also unable to directly address the second-ranked concern, crime. Jordan feels that a perception issue is at work in the high rating. Some of the agency professionals who responded may work with victims of crime and thereby skewed the weight given to the issue.

Coming in third was access to healthcare, which is a multi-segment problem. “It’s a combination of things, with affordability being one of the largest parts,” he said. “It’s hard for low-income folks to get their medical card.”

Jordan said agencies typically see a client when a crisis exists, such as a medical emergency without the resources to pay for it. He said agencies also see clients who have transportation issues related to accessing health care outside of the county. Even local access can be an issue.

“There are some doctors in this town who are backed up so far it can take up to six months to get in to see them if you are (a) new (patient),” Jordan said.

Drug/abuse prevention, housing and domestic violence came next in the ranking.

The survey identified “access to transportation” as the biggest issue facing senior citizens, with “access to food” and “access to home maintenance” second and third, respectively. For working parents in the county, “affordable childcare” sweeps all the other categories by a large margin.

# Internships Benefit Companies

Author: Bud Gayhart, University of Wisconsin-Whitewater

Did you ever wish that you could find a better, more effective way to train your new employees? Or find potential staff members who are open and willing to invest in your business and corporate culture? Being connected to higher education for several years has exposed me to a beneficial opportunity that is seldom utilized by many businesses. Internships are an interesting and positive approach for both the student apprentice and the participating company.

What is an internship? According to Wikipedia, "An intern is one who works in a temporary position with an emphasis on 'on-the-job' training rather than merely employment, making it similar to an apprenticeship. Interns are usually college or university students, but they can also be high school students or post graduate adults seeking skills for a new career. Student internships provide opportunities for students to gain experience in their field, determine if they have an interest in a particular career, create a network of contacts, or gain school credit." An internship program may also provide your business with a talented pool of potential staff members.

An internship may be either paid, unpaid or partially paid (in the form of a stipend). Paid internships are most common in the medical, science, engineering, law, business (especially accounting and finance), technology and advertising fields. Internships in not-for-profit organizations such as charities and think tanks are often unpaid, volunteer positions. Internships may be part-time or full-time; typically they are part-time during the university year and full-time in the summer, and they usually last 6-12 weeks, but can be shorter or longer."

At the University of Wisconsin-Whitewater, students are frequently encouraged to apply for internships. There are many students in the accounting program that connect with accounting firms, both large and small, to apply their knowledge and simultaneously receive mentoring from someone at the firm. The rewards can be huge! For students, being connected to a real accounting firm brings classroom curriculum to life. It also allows them to function as a team member, solving challenges for their client company. The business also benefits from the internship. Employers are able to assess the skill sets of students in a true working environment. As a result, many students will receive an "offer" of employment following the internship.

But what if your business doesn't need an accountant? There are students in management, marketing, communications, information technology, and other disciplines that can bring great value to area businesses. Internships are not limited to the UW system nor are they limited to just universities. The technical college system in Wisconsin has active and successful internship programs as well.

In addition to the internship programs, our campus in Whitewater offers to connect with businesses through "consulting" classes where students become the consultant to the business for a semester. In this model, students use their training to develop a solution to a challenge the business is facing. Again, both sides benefit from this approach. You, as the employer can

receive a fresh viewpoint and a potential solution to your problem. The student acquires practical experience as well as confidence in putting his education to work in a real-life situation.

Interested? Want to give the internship idea a try? At UW-Whitewater, you can contact our Internship Coordinator, Laura Morrow at 262-472-1606 or by email. You can also learn more about our program by visiting the Career Services website. Internships are a creative way for companies, large and small, to connect with the innovative, talented pool of the next generation while assisting these promising students to use their talents and education and become productive members of tomorrow's business community.

This article was written by Bud Gayhart, Director of the Center for Innovation & Business Development at the University of Wisconsin-Whitewater.

# Too few Ohioans have adequate job training, employers say

Published: Sunday, January 15, 2012, 12:01 AM



"By Reginald Fields, The Plain Dealer

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File photoGov. John Kasich said workforce training will be his administration's biggest issue of 2012,

COLUMBUS, Ohio - Gov. John Kasich spent the better part of his first year in office focused on job creation.

But some of the success the Republican leader found on that front only highlighted a problem the state has yet to solve.

As more skilled-labor jobs become available, employers complain that too few Ohioans are adequately trained to be hired. That has triggered an odd dilemma in a state with an 8.5 percent unemployment rate: open jobs, people searching for work and yet too few connections.

"We have a mismatch. This is a huge problem," Kasich told The Plain Dealer last week. "We've got people who have jobs, and we've got people who they say don't have the skills to fit the jobs. So we're not matching them."

As of Friday, the state says there are 72,341 open positions in Ohio, most in the private sector, which have gone unfilled as employers claim that the labor pool is too shallow and unqualified.

## **Related Plain Dealer coverage**

- **Community colleges to undertake innovative job training programs**

Kasich said workforce training -- not his highly anticipated mid-cycle budget or his determination to break through underground shale in Eastern Ohio to unearth natural gas and oil -- will be his administration's biggest issue of 2012,

To that end, the governor told The Plain Dealer he is scrapping the old, disjointed approach to training in Ohio and replacing it with a new system that will be run directly from his office using the state's community colleges as breeding grounds while demanding more cooperation from businesses.

Andy Doehrel, president of the Ohio Chamber of Commerce, the state's largest business advocacy group, said even in this high-tech world the state still needs blue collar, manufacturing-skilled workers.

"We are still a manufacturing state and those skilled trades that you can get from good programs in high school or two-year trade schools, there is a real need out there," Doehrel said. "Let's face it, that isn't as sexy to younger people today who have grown up with phones in their pockets and computers in their cars and on their desks."

Still, Kasich said business is a major part of the problem.

"What we're going to try to do is get businesses to forecast in the short term. Like, what do you need next year? What do you need in three years?" Kasich said. "A lot of businesses don't want to do that. They want to complain that they don't have workers but they don't want to tell you what they need."

State officials said employers are quick to tell the state what type of workers they need for today but terrible about projecting forward. Forecasting is critical, Kasich's office said, so that students can be encouraged to seek certain career paths on the promise that jobs will be available at the completion of their training or education.

"If a company knows that they will need engineers down the road then we can encourage that kind of commitment from students in high school, get them in the four-year schools, get them trained and have them ready to go to work when they graduate," said Kasich spokesman Rob Nichols.

Doehrel understands the governor's point but said for small businesses, making hiring projections is far easier said than done.

"When you think about it, who's creating most of the jobs right now?" Doehrel asked. "It's your smaller businesses. Who is least capable of giving you a projection in terms of three or five years out? Heck, small businesses are worried about three to five days out."

"I might need something in five years but I am so focused on keeping the doors open the next three to five months that I'm not looking at that bigger picture," he said.

The governor is quick to point out that the state is a big part of the problem, too. He aims to change that. Ohio has 77 job training programs spread across 13 state entities and no central strategic plan.

"If you have 77 and 13 it means you have zero. That's how I add that up," Kasich said. "Nobody knows what anyone's doing."

Funding is attached to many of the job-training programs used to entice businesses to hire workers or to train workers they hire. But it can be difficult to navigate the various programs or know what state door to knock on to use the training programs, said Doehrel.

"We have such a shotgun approach. There's pockets of money scattered all over the place," Doehrel said. "The problem is you cut the thing up into a thousand pieces and you don't know how the thing goes back together."

Kasich has created a new position and hired Richard Frederick as his assistant policy director for workforce training.

It will be Frederick's job to eliminate some of those 77 programs, merge others and settle on a single cohesive training plan linking high school education to community colleges and four-year universities, to the business community.

Without it, people who want to work will continue to struggle finding jobs. And businesses will struggle to maintain or grow without a qualified workforce to draw from.

Kasich's office says Ohio had a net gain of 43,000 jobs in 2011, his first year in office. The type of jobs the administration thinks will be most in demand in Ohio over the next few years are engineers, computer scientists, machinists, long-distance truck drivers, diesel mechanics and welders.

The goal is to funnel students who need four-year degrees into universities and send everyone else to the community colleges for specific skills training.

"If we can solve this problem," Kasich said, "it would be huge." Related topics:

**gov.john kasich, job training**

# AP NEWS

## Latest local, national & international news from the Associated Press

### Ohio governor to announce job training initiative

Jan. 15, 2012, 4:38 p.m. EST AP

ELYRIA, Ohio (AP) — Ohio Gov. John Kasich was expected Monday to announce plans for training programs at three community colleges that will aim to provide certain groups of people with job skills and employment services.

The work force development initiative would include one-year pilot programs at Cincinnati State Technical and Community College, Columbus State Community College and Lorain County Community College in Elyria.

"We need to make sure they are training people for the jobs that (need) to be filled and the skills that are in demand," Connie Wehrkamp, Kasich's deputy press secretary, told The Plain Dealer in Cleveland.

The newspaper said Lorain County Community College would offer career development targeting minorities that are disproportionately unemployed, such as blacks and Hispanics. A Columbus State Community College program would help young people learn more about several career fields and entry-level skills. Cincinnati State Technical and Community College plans extra training for struggling graduates of a local food service industry training program.

The schools are expected to use the funding, resources and relationships they already have to launch the programs, with a boost from any attention raised by Kasich.

"The governor's office has the benefit of the bully pulpit," LCCC President Roy Church told The Plain Dealer. "He can raise visibility in ways that I can't. We need to have the business community committed to the programs so that as the people complete these programs they are assured to at least getting an interview."

Wehrkamp told The Columbus Dispatch that work force development efforts are among Kasich's 2012 policy priorities.

"This is something that the governor wanted to make a priority and ensure that folks in these populations have access to programs like this," she said.

If the pilot program in Columbus happens as planned this summer, it will give about 30 high school students the chance to develop insight and skills in several industries, such as bioscience, graphics and gaming or manufacturing, the Dispatch said. They'll also get training to help with steps of finding a job, such as writing a resume and interviewing for a position.

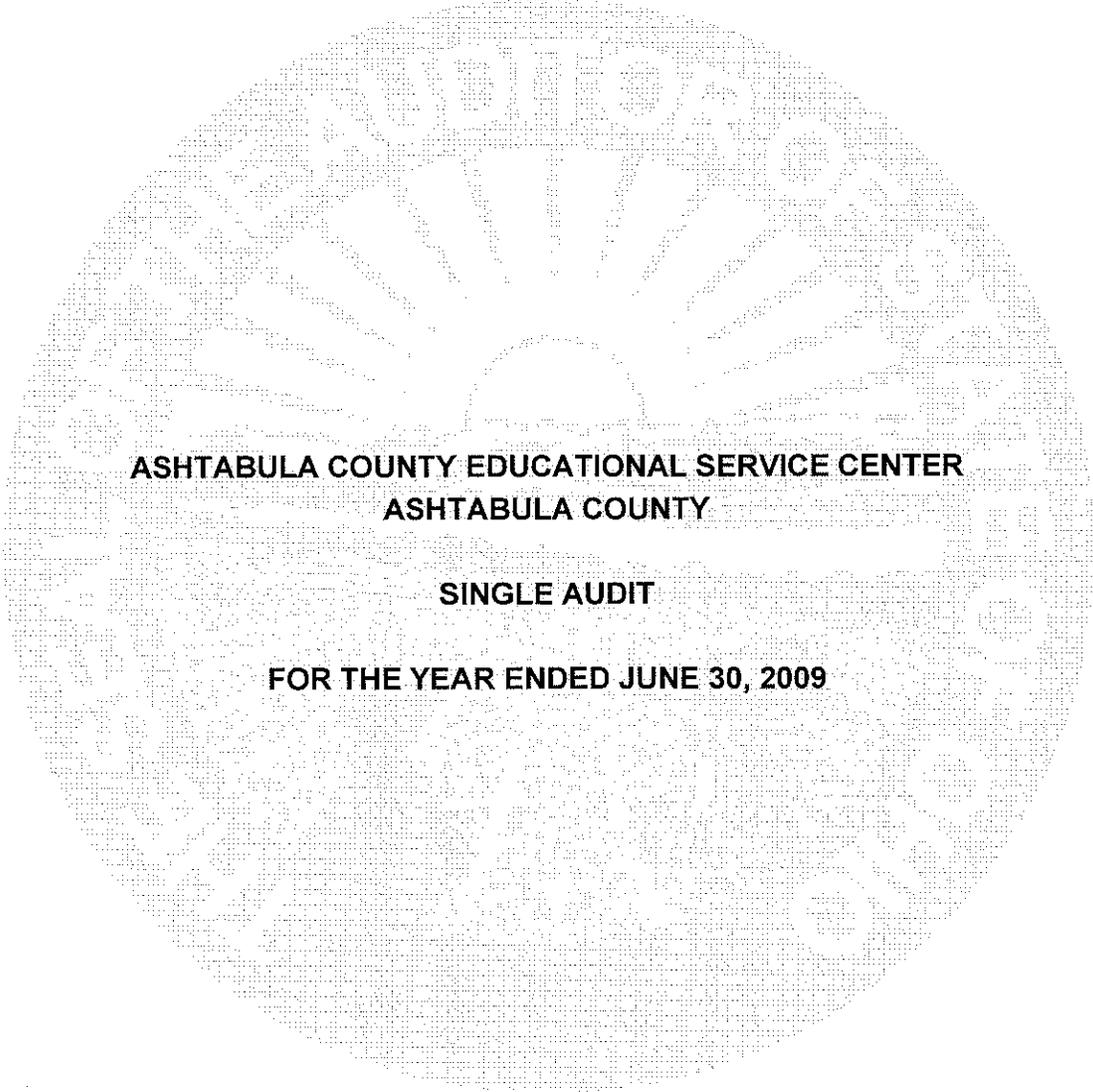
The Lorain County program would likely be longer, placing students in a six- or nine-month training program and helping to connect them with employers, Church told The Plain Dealer.

He said the program could be replicated at other community colleges if it's successful.

**TAB 4: FINANCIAL DOCUMENTATION**

Business reimbursement for student salary based on \$7.70 minimum wage. Reimbursement for 50 students x 184 days x 3 hours per day at \$3.85 per hour.	\$ 106,260.00
1 Job coach at 4 hours per day, 200 days per year at \$100.00 per day	\$ 20,000.00
Transportation of student's countywide for the school year	\$ 42,000.00
Purchased services	\$ 284,510.00
Professional development	\$ 25,000.00
Support services / meeting expenses	\$ 2,500.00
Operations and maintenance	\$ 1,500.00
Capital outlay for supplies and materials	\$ 7,500.00
Travel expenses	\$ 5,000.00
Auditing services	\$ 12,500.00
Administrative cost (fiscal agent) 4%	\$ 20,000.00
Project manager 25% of salary and benefits for 12 months; coordinate grant	\$ 21,250.00
Evaluating the project	\$ 7,500.00

- Participating school districts will also provide in-kind services through their administration offices and guidance departments.
- All clerical work, paper and copying cost will be provided by the Ashtabula County Education Service Center.



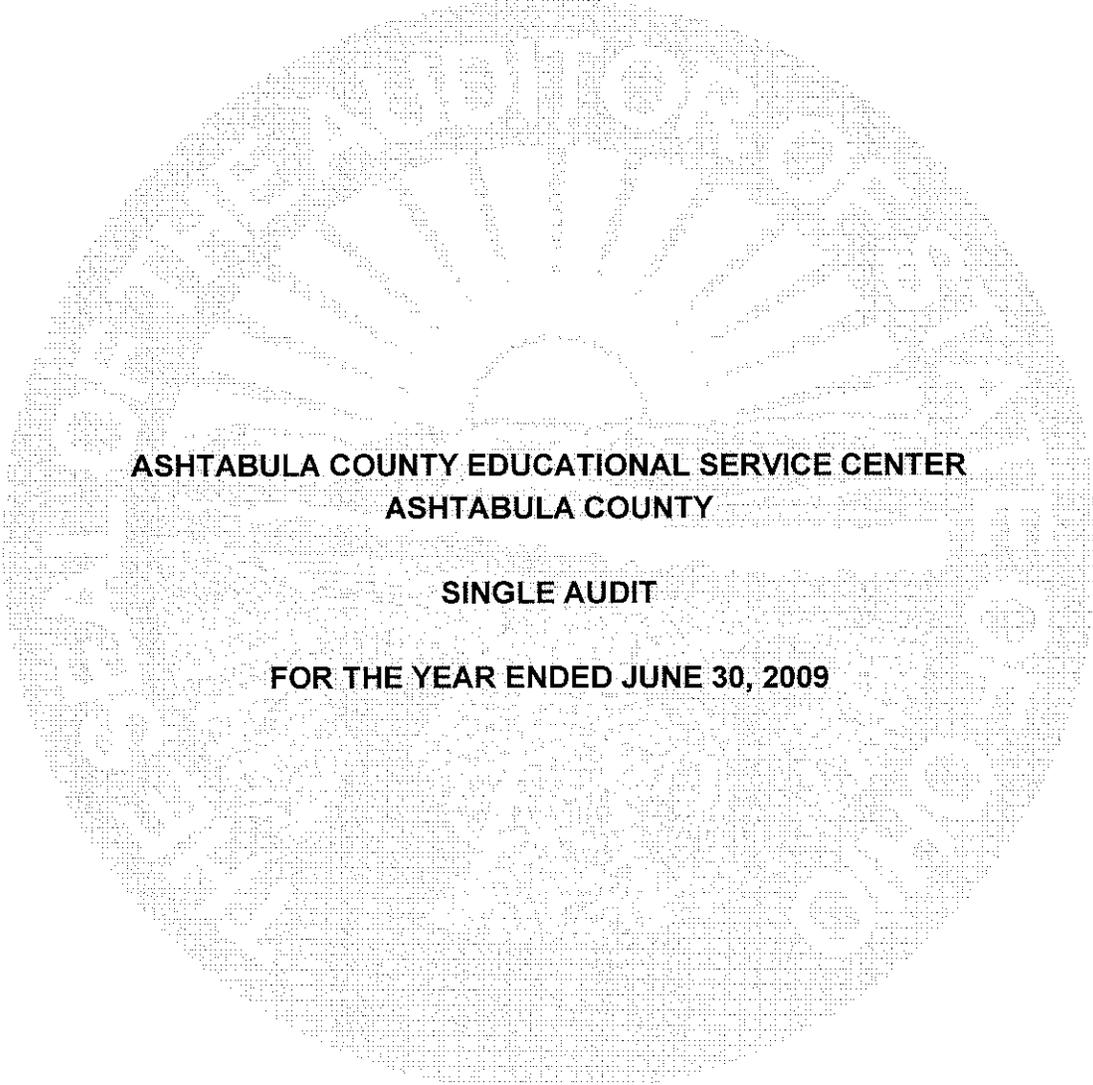
**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2009**



**Mary Taylor, CPA**  
Auditor of State



**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

**SINGLE AUDIT**

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**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Ashtabula County Educational Service Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To the Governing Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ashtabula County Educational Service Center, Ashtabula County, Ohio (the Service Center), as of and for the year ended June 30, 2009, which collectively comprise the Service Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Service Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the Service Center to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ashtabula County Educational Service Center, Ashtabula County, Ohio, as of June 30, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General and IDEA, Part-B Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009, on our consideration of the Ashtabula County Educational Service Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293  
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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the Service Center's financial statements. The Federal Awards Expenditure Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statements. We subjected this schedule to the auditing procedures applied in our audit of the Service Center's financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 4, 2009

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2009*  
*Unaudited*

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This discussion and analysis of the Ashtabula County Educational Service Center's financial performance provides an overall review of the Service Center's financial activities for the fiscal year ended June 30, 2009, within the limitations of the Service Center's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Service Center's financial performance.

### **Highlights**

Key highlights for 2009 are as follows:

- Net assets of governmental activities decreased \$412,784, which represents a 12.82 percent decrease from 2008.
- Total revenues of \$7,542,054 were comprised of general revenues in the amount of \$3,883,522 and program specific revenues from charges for services and operating grants and contributions in the amount of \$3,658,532. This reflects that 51.5 percent is comprised of general receipts and 48.5 percent is comprised of program receipts.
- The general fund had \$5,500,387 in revenues and \$5,873,286 in expenditures. The general fund's fund balance decreased to \$2,744,731 from \$3,135,201.
- The IDEIA Part-B special revenue fund had \$1,366,292 in revenues and \$1,389,857 in expenditures. The fund balance decreased by \$10,719.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Service Center's cash basis of accounting.

### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Service Center as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Service Center as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2009*  
*Unaudited*

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Service Center has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Service Center's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Service Center did financially during 2009 within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Service Center at fiscal year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Service Center's general receipts.

These statements report the Service Center's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Service Center's financial health. Over time, increases or decreases in the Service Center's cash position is one indicator of whether the Service Center's financial health is improving or deteriorating. When evaluating the Service Center's financial condition, you should also consider other nonfinancial factors as well, such as the condition of the Service Center's capital assets and infrastructure, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources.

The statement of net assets and the statement of activities usually distinguish between those activities of the Service Center that are governmental and those that are considered business-type. The Service Center, however, has no business-type activities.

***Governmental Activities:*** Most of the Service Center's basic services are reported here, including instructional and support services. State and federal grants and charges for services finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Service Center's major funds – not the Service Center as a whole. The Service Center establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Service Center are split into two categories: governmental and fiduciary.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2009*  
*Unaudited*

Governmental Funds - Most of the Service Center's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Service Center's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Service Center's programs. The Service Center's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Service Center's major governmental funds are the general fund and IDEIA Part-B special revenue fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Service Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Service Center's programs.

**The Service Center as a Whole**

Table 1 provides a summary of the Service Center's net assets for 2009 compared to 2008 on a cash basis:

(Table 1)  
**Net Assets**  
**Governmental Activities**

	<u>2009</u>	<u>2008</u>	<u>Change</u>
<b>Assets</b>			
Cash and Cash Equivalents	<u>\$2,807,036</u>	<u>\$3,219,820</u>	<u>(\$412,784)</u>
<b>Net Assets</b>			
Restricted for:			
Other Purposes	\$62,305	\$84,619	(\$22,314)
Unrestricted	<u>2,744,731</u>	<u>3,135,201</u>	<u>(390,470)</u>
Total Net Assets	<u>\$2,807,036</u>	<u>\$3,219,820</u>	<u>(\$412,784)</u>

As mentioned previously, net assets of governmental activities decreased by \$412,784 or 12.82 percent during 2008.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2009*  
*Unaudited*

Table 2 reflects the changes in net assets in 2009 compared to 2008.

(Table 2)  
**Changes in Net Assets**  
**Governmental Activities**

	2009	2008	Change
<b>Receipts:</b>			
<i>Program Receipts:</i>			
Charges for Services and Sales	\$1,643,390	\$1,377,316	\$266,074
Operating Grants and Contributions	2,015,142	2,208,893	(193,751)
<b>Total Program Receipts</b>	<b>3,658,532</b>	<b>3,586,209</b>	<b>72,323</b>
<i>General Receipts:</i>			
Grants and Entitlements Not Restricted to Specific Programs	3,755,589	3,465,928	289,661
Unrestricted Contributions and Donations	950	1,950	(1,000)
Interest	39,947	150,437	(110,490)
Miscellaneous	87,036	139,980	(52,944)
<b>Total General Receipts</b>	<b>3,883,522</b>	<b>3,758,295</b>	<b>125,227</b>
<b>Total Receipts</b>	<b>7,542,054</b>	<b>7,344,504</b>	<b>197,550</b>
<b>Disbursements:</b>			
<i>Instruction:</i>			
Regular	702,524	594,244	108,280
Special	2,121,163	1,877,144	244,019
Adult/Continuing	145,379	137,113	8,266
<i>Support Services:</i>			
Pupil	1,305,186	1,206,806	98,380
Instructional Staff	2,361,253	2,235,611	125,642
Board of Education	41,285	37,406	3,879
Administration	922,694	941,656	(18,962)
Fiscal	275,942	275,960	(18)
Operation and Maintenance of Plant	53,552	43,432	10,120
Pupil Transportation	9,130	57,040	(47,910)
Central	16,730	15,120	1,610
<b>Total Disbursements</b>	<b>7,954,838</b>	<b>7,421,532</b>	<b>533,306</b>
Decrease in Net Assets	(412,784)	(77,028)	(335,756)
Net Assets, June 30, 2006	3,219,820	3,296,848	(77,028)
<b>Net Assets, June 30, 2007</b>	<b>\$2,807,036</b>	<b>\$3,219,820</b>	<b>(\$412,784)</b>

Program revenues represent 48.5 percent of the total receipts and are primarily comprised of funds used to cover services provided to the school districts, tuition and operating grants.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2009*  
*Unaudited*

**Governmental Activities**

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Service Center. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for special instruction and support services instructional staff, which account for 27 and 30 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Service Center that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local sources. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)  
**Governmental Activities**

	Total Cost Of Services 2009	Net Cost of Services 2009	Total Cost Of Services 2008	Net Cost of Services 2008
Instruction:				
Regular	\$702,524	\$5,602	\$594,244	(\$114,139)
Special	2,121,163	(1,158,872)	1,877,144	(834,914)
Adult/Continuing	145,379	(123)	137,113	10,795
Support Services:				
Pupil	1,305,186	(934,123)	1,206,806	(822,903)
Instructional Staff	2,361,253	(1,384,799)	2,235,611	(1,316,679)
Board of Education	41,285	(36,366)	37,406	(32,132)
Administration	922,694	(556,130)	941,656	(489,423)
Fiscal	275,942	(211,111)	275,960	(218,394)
Operation and Maintenance of Plant	53,552	(43,051)	43,432	(24,928)
Pupil Transportation	9,130	39,397	57,040	20,382
Central	16,730	(16,730)	15,120	(12,988)
Total Expenses	<u>\$7,954,838</u>	<u>(\$4,296,306)</u>	<u>\$7,421,532</u>	<u>(\$3,835,323)</u>

**The Government's Funds**

Information regarding the Service Center's major funds starts on page 12. These funds are accounted for using the cash basis of accounting. All governmental funds had total revenues of \$7,542,054 and total expenditures of \$7,954,838. The net change in governmental fund balance for the year was most significant in the general fund which had a decrease of \$390,470.

**General Fund Budgeting Highlights**

The Service Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2009*  
*Unaudited*

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During the course of fiscal year 2009, the Service Center amended its general fund budget as needed to reflect changing circumstances. Many of the amendments are due to changes in program attendance and/or client-district needs. The general fund is often called upon to advance funds to one project or another. During the course of the fiscal year, several federal and state grants will surface or material changes in existing ones will require budgetary action.

For the general fund, the final budget basis revenue estimate was \$5,497,375; this was above the original revenue estimate of \$4,812,020. The main difference between the original and final estimates was due to increased intergovernmental revenues used to fund the various new services provided to participating school districts.

The final budget basis expenditures estimate totaled \$8,632,576; this was above the original budget estimate of \$7,947,221. The increase in the budget estimate was a result of an increase in the revenue estimate.

**Capital Assets**

The Service Center maintains a listing of its capital assets. These records are not required to be presented in the financial statements.

**Current Issues**

The Service Center continues to be financially stable and is able to continue to offer the programs needed to enrich and service the various school districts. The Board and administration closely monitor its revenues and expenditures in accordance with board policy. The Service Center is committed to serving its local and city school districts and will continue to do so.

The Service Center is centrally located at the Ashtabula County Joint Vocational School in Jefferson, Ohio. Rent for the office space is currently paid for by the Ashtabula County Commissioners. The central location enables easy access for countywide in-service programs, professional development and training activities.

While many outside factors can and will affect the economy, the Service Center is committed to provide the best services possible and to be fiscally responsible now and in the future. The Service Center is constantly evaluating its programs and expanding where it can to provide cost effective services to school districts. If the Service Center does not provide efficiency, there is no reason for a school district to contract with them.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the 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 Bonnie S. Brockway, Treasurer at Ashtabula County Educational Service Center, 1565 State Route 167, P.O. Box 186, Jefferson, Ohio 44047-0186.

**Ashtabula County Educational Service Center**  
*Statement of Net Assets - Cash Basis*  
*June 30, 2009*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,807,036</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$62,305
Unrestricted	<u>2,744,731</u>
<i>Total Net Assets</i>	<u>\$2,807,036</u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Activities - Cash Basis*  
For the Fiscal Year Ended June 30, 2009

	Cash Disbursements	Program Cash Receipts		Net Receipts (Disbursements) and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$702,524	\$390,026	\$318,100	\$5,602
Special	2,112,163	636,934	325,357	(1,158,872)
Adult/Continuing	145,379	40,390	104,866	(123)
Support Services:				
Pupil	1,305,186	119,109	251,954	(934,123)
Instructional Staff	2,361,253	348,039	628,415	(1,384,799)
Board of Education	41,285	4,919	0	(36,366)
Administration	922,694	25,331	341,233	(556,130)
Fiscal	275,942	47,424	17,407	(211,111)
Operation and Maintenance of Plant	53,552	0	10,501	(43,051)
Pupil Transportation	9,130	31,218	17,309	39,397
Central	16,730	0	0	(16,730)
<b>Total</b>	<b>\$7,954,838</b>	<b>\$1,643,390</b>	<b>\$2,015,142</b>	<b>(4,296,306)</b>
<b>General Receipts</b>				
Grants and Entitlements not Restricted to Specific Programs				
				3,755,589
Unrestricted Contributions and Donations				
				950
Interest				
				39,947
Miscellaneous				
				87,036
<i>Total General Receipts</i>				<u>3,883,522</u>
Change in Net Assets				(412,784)
<i>Net Assets Beginning of Year</i>				<u>3,219,820</u>
<i>Net Assets End of Year</i>				<u><u>\$2,807,036</u></u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2009*

	<u>General</u>	<u>IDELA Part-B</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$2,744,731</u>	<u>\$1,200</u>	<u>\$61,105</u>	<u>\$2,807,036</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	\$44,935	\$1,200	\$7,204	\$53,339
Unreserved:				
Undesignated, Reported in:				
General Fund	2,699,796	0	0	2,699,796
Special Revenue Funds	<u>0</u>	<u>0</u>	<u>53,901</u>	<u>53,901</u>
<i>Total Fund Balances</i>	<u>\$2,744,731</u>	<u>\$1,200</u>	<u>\$61,105</u>	<u>\$2,807,036</u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2009*

	General	IDEIA Part-B	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Intergovernmental	\$3,784,158	\$1,366,292	\$620,281	\$5,770,731
Interest	39,947	0	0	39,947
Tuition and Fees	589,245	0	55,094	644,339
Contributions and Donations	950	0	0	950
Charges for Services	999,051	0	0	999,051
Miscellaneous	87,036	0	0	87,036
<i>Total Receipts</i>	<u>5,500,387</u>	<u>1,366,292</u>	<u>675,375</u>	<u>7,542,054</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	396,133	0	306,391	702,524
Special	1,790,475	302,518	28,170	2,121,163
Adult/Continuing	0	0	145,379	145,379
Support Services:				
Pupil	1,048,937	253,293	2,956	1,305,186
Instructional Staff	1,697,663	503,397	160,193	2,361,253
Board of Education	41,285	0	0	41,285
Administration	574,248	314,593	33,853	922,694
Fiscal	256,446	15,244	4,252	275,942
Operation and Maintenance of Plant	43,051	0	10,501	53,552
Pupil Transportation	8,318	812	0	9,130
Central	16,730	0	0	16,730
<i>Total Disbursements</i>	<u>5,873,286</u>	<u>1,389,857</u>	<u>691,695</u>	<u>7,954,838</u>
<i>Excess of Receipts</i>				
<i>Under Disbursements</i>	<u>(372,899)</u>	<u>(23,565)</u>	<u>(16,320)</u>	<u>(412,784)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	12,846	4,725	17,571
Advances Out	(17,571)	0	0	(17,571)
<i>Total Other Financing Sources (Uses)</i>	<u>(17,571)</u>	<u>12,846</u>	<u>4,725</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(390,470)	(10,719)	(11,595)	(412,784)
<i>Fund Balances Beginning of Year</i>	<u>3,135,201</u>	<u>11,919</u>	<u>72,700</u>	<u>3,219,820</u>
<i>Fund Balances End of Year</i>	<u>\$2,744,731</u>	<u>\$1,200</u>	<u>\$61,105</u>	<u>\$2,807,036</u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Intergovernmental	\$3,310,904	\$3,782,658	\$3,784,158	\$1,500
Interest	34,863	39,830	39,947	117
Tuition and Fees	515,757	589,245	589,245	0
Contributions and Donations	832	950	950	0
Charges for Services	874,324	998,901	999,051	150
Miscellaneous	75,340	85,791	87,036	1,245
<i>Total Receipts</i>	<u>4,812,020</u>	<u>5,497,375</u>	<u>5,500,387</u>	<u>3,012</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	577,201	626,300	401,596	224,704
Special	1,987,913	2,160,439	1,795,479	364,960
Support Services:				
Pupil	1,359,312	1,477,218	1,050,969	426,249
Instructional Staff	2,357,470	2,561,536	1,702,915	858,621
Board of Education	90,881	98,588	44,460	54,128
Administration	1,058,050	1,147,934	596,102	551,832
Fiscal	305,700	332,022	256,996	75,026
Operation and Maintenance of Plant	81,534	88,615	43,956	44,659
Pupil Transportation	83,155	89,924	8,318	81,606
Central	46,005	50,000	17,430	32,570
<i>Total Disbursements</i>	<u>7,947,221</u>	<u>8,632,576</u>	<u>5,918,221</u>	<u>2,714,355</u>
<i>Excess of Receipts Under Disbursements</i>	(3,135,201)	(3,135,201)	(417,834)	2,717,367
<b>Other Financing Uses</b>				
Advances Out	0	0	(17,571)	(17,571)
<i>Net Change in Fund Balance</i>	(3,135,201)	(3,135,201)	(435,405)	2,699,796
<i>Fund Balance Beginning of Year</i>	3,079,586	3,079,586	3,079,586	0
Prior Year Encumbrances Appropriated	55,615	55,615	55,615	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$2,699,796</u>	<u>\$2,699,796</u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*IDEIA Part-B Fund*  
*For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$1,584,201	\$1,584,201	\$1,366,292	(\$217,909)
<b>Disbursements</b>				
Current:				
Instruction:				
Special	351,028	351,028	303,718	47,310
Support Services:				
Pupil	286,793	286,793	253,293	33,500
Instructional Staff	577,443	577,443	503,397	74,046
Administration	356,800	356,800	314,593	42,207
Fiscal	15,244	15,244	15,244	0
Pupil Transportation	8,812	8,812	812	8,000
<i>Total Disbursements</i>	1,596,120	1,596,120	1,391,057	205,063
<i>Excess of Receipts Under Disbursements</i>	(11,919)	(11,919)	(24,765)	(12,846)
<b>Other Financing Sources</b>				
Advances In	0	0	12,846	12,846
<i>Net Change in Fund Balance</i>	(11,919)	(11,919)	(11,919)	0
<i>Fund Balance Beginning of Year</i>	4,227	4,227	4,227	0
Prior Year Encumbrances Appropriated	7,692	7,692	7,692	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Fiduciary Assets and Liabilities - Cash Basis*  
*Agency Fund*  
*June 30, 2009*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$634</u>
<b>Liabilities</b>	
Due to Others	<u>\$634</u>

See accompanying notes to the basic financial statements

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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### **Note 1 - Reporting Entity**

In 1963, the Ashtabula County Educational Service Center (the Service Center) was formed. The Service Center supplies special education, supervisory, administrative, fiscal and other needed services to area school districts in Ashtabula County. The Service Center operates under a locally-elected five-member Governing Board form of government and provides educational services as mandated by State or federal agencies to four local and two city school districts. The Board controls the Service Center's staff who provide services to over 13,511 students and other community members in Ashtabula County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading.

#### ***A. Primary Government***

The primary government of the Service Center consists of all funds, departments, boards, and agencies that are not legally separate from the Service Center. For the Service Center, this includes the agencies and departments that provide the following services: general operations and related special education, supervisory, administrative and fiscal activities of the Service Center.

#### ***B. Component Units***

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 organization's 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. The Service Center is also financially accountable for any 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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Service Center, are accessible to the Service Center and are significant in amount to the Service Center. The Service Center has no component units.

The Service Center participates in two jointly governed organizations, two insurance purchasing pools and one risk sharing pool. These organizations are the North East Ohio Management Information Network, the Ashtabula County Joint Vocational School District, the Ohio School Plan, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan and the Ashtabula County Schools Council of Governments. These organizations are presented in Notes 12 and 13 to the basic financial statements.

The Service Center's management believes these financial statements present all activities for which the Service Center is financially accountable.

### **Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Service Center's accounting policies.

### ***A. Basis of Presentation***

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

***Government-Wide Financial Statements*** The statement of net assets and the statement of activities display information about the Service Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Service Center that are governmental and those that are considered business-type. The Service Center, however, has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Service Center at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the Service Center's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Service Center's general receipts.

***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. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

### ***B. Fund Accounting***

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

***Governmental Funds*** The Service Center classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Service Center's only major funds are the general fund and IDEIA Part-B special revenue fund.

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**General Fund** The general fund 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.

**IDEIA Part-B Fund** The IDEIA Part-B fund accounts for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

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

**Fiduciary Funds** 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 not available to support the Service Center's own programs. The Service Center has no trust funds. Agency funds are custodial in nature. The Service Center's agency fund accounts for the payment to the School Employees Retirement System.

### ***C. Basis of Accounting***

The Service Center's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Service Center's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Service Center are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

### ***D. Budgetary Process***

The Service Center adopts a budget for all funds, other than agency funds. The Service Center's Board adopts an annual appropriation resolution which is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the fund level for all funds. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds. The Treasurer reviews the prior year's revenues and factors in the wages expected to be charged for the services offered and the grants anticipated to be received in order to determine the estimated resources for the current year. The estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Service Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts of the estimated resources approved by the Board when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts of the estimated resources that was in effect at the time the final appropriations were passed by the Board.

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

### ***E. Cash and Investments***

To improve cash management, cash received by the Service Center is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Service Center records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the Service Center's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Service Center are presented on the financial statements as cash equivalents.

During fiscal year 2009, the Service Center invested in a nonnegotiable certificate of deposit and STAR Ohio. Nonparticipating investment contracts such as nonnegotiable certificates of deposits are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2009 was \$39,947, which included \$887 assigned from other Service Center funds.

### ***F. Inventory and Prepaid Items***

The Service Center reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

### ***G. Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

### ***H. Interfund Receivables/Payables***

The Service Center reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

### ***I. Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Service Center's cash basis of accounting.

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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### ***J. Employer Contributions to Cost-Sharing Pension Plans***

The Service Center recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

### ***K. Long-Term Obligations***

The Service Center's cash basis financial statements do not report liabilities for long-term obligations. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

### ***L. Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Service Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$62,305, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for federal and state grants restricted to cash disbursement for specified purposes. The Service Center's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

### ***M. Fund Balance Reserves***

The Service Center reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

### ***N. Interfund Activity***

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead disbursements from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

### **Note 3 – Compliance**

Ohio Administrative Code, Section 117-2-03 (B), requires the Service Center to prepare its annual financial report in accordance with generally accepted accounting principles. However, the Service Center prepared its financial statements on a cash basis, which is a comprehensive basis of accounting

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

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other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time.

### **Note 4 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the IDEIA Part-B special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) in the general and IDEIA Part-B special revenue fund were \$44,935 and \$1,200, respectively.

### **Note 5 – Deposits and Investments**

Monies held by the Service Center are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Service Center treasury. Active 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 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 passbook accounts.

Interim monies held by the Service Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation 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 any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

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3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the Service Center will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$1,674,639 of the Service Center's bank balance of \$2,174,639 was uninsured and uncollateralized. A third party custodian holds the collateral in a pool, and the uninsured deposits covered by the pool would not be exposed to custodial credit risk because the collateral is held by the government's agent in the government's name.

The Service Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Service Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

### **Investments**

As of June 30, 2009, the Service Center had STAROhio as the only investment with an amount of \$633,031 and a maturity of 53.8 days. The investment is in an internal investment pool.

***Credit Risk*** Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Service Center has no investment policy that addresses credit risk.

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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### **Note 6 – State Funding**

The Service Center, under State law, provides supervisory services to local school districts within its territory. Each city, local and exempted village school district that entered into an agreement with the Service Center is considered to be provided supervisory services. The cost of the supervisory services is determined by formula under State law. The State Department of Education apportions the costs for all supervisory services to the local and client school districts based on each school's total student count. The Department of Education deducts each school district's amount from their State foundation program settlements and remits the amount to the Service Center. The Service Center may provide additional supervisory services if the majority of local and client school districts agree to the services and the apportionment of the costs to all of the local and client school districts.

The Service Center also receives funding from the State Department of Education in the amount of \$37 times the average daily membership of the school districts. Average daily membership includes the total student counts of all local school districts within the Service Center's territory and all of the Service Center's client school districts. This amount is paid from State resources. The Department of Education also deducts from the State foundation program settlement of each of the Service Center's local and client school districts an amount equal to \$6.50 times the school district's total student count and remits this amount to the Service Center.

The Service Center may contract with city, exempted village, local, joint vocational or cooperative education school districts to provide special education and related services or career-technical education services. The individual boards of education pay the costs for these services directly to the Service Center.

### **Note 7 - Risk Management**

#### ***A. Property and Liability***

The Service Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the Service Center joined together with other Service Centers in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool to obtain liability coverage. Each individual school district enters into an agreement with the OSP and its premium is based on the types of coverage and limits of coverage, and deductibles that it selects. The Service Center contracted with OSP for general liability with a \$1,000,000 per occurrence and \$3,000,000 aggregate and for errors and omissions with a \$1,000,000 per occurrence and \$3,000,000 aggregate.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

#### ***B. Workers' Compensation***

The Service Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Service Center by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories.

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

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Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control, assistance with safety programs and actuarial services to the GRP.

### ***C. Employee Medical Benefits***

The Service Center participates in the Ashtabula County Schools Council of Governments, a risk sharing pool (Note 13) to provide employee medical/surgical, prescription drug, dental and vision benefits. Rates are set through an annual calculation process. The Service Center pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The Service Center's Board pays the entire cost of a monthly premium for all full-time employees.

## **Note 8 - Defined Benefit Pension Plans**

### ***A. School Employee Retirement System***

Plan Description - The Service Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Service Center is required to contribute at an actuarially determined rate. The current Service Center rate is 14 percent of annual covered payroll. A portion of the Service Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Service Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$110,579, \$105,817, and \$108,956 respectively. The full amount has been contributed for fiscal years 2009, 2008 and 2007.

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

Plan Description - The Service Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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 - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The Service Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Service Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$457,368, \$399,677, and \$367,612 respectively. The full amount has been contributed for fiscal years 2009, 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$3,294 made by the School District and \$6,758 made by the plan members.

### **Note 9 - Postemployment Benefits**

#### ***A. School Employee Retirement System***

Plan Description – The Service Center participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$24,330.

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.

The Service Center's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$50,606, \$48,287, and \$36,173 respectively. The full amount has been contributed for fiscal years 2009, 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The Service Center's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$9,124, \$7,624, and \$7,409 respectively. The full amount has been contributed for fiscal years 2009, 2008 and 2007.

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

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Service Center's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$35,182, \$30,744, and \$28,278 respectively. The full amount has been contributed for fiscal years 2009, 2008 and 2007.

## **Note 10 – Contingent Liabilities**

### ***A. Grants***

Amounts grantor agencies pay to the Service Center are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

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***B. Litigation***

The Service Center is not party to legal proceedings.

**Note 11 - Interfund Balances**

Interfund Payable	Interfund Receivable
	General
IDEIA Part-B	\$12,846
Local Grants	5,000
Bus Driver Training	7,400
Miscellaneous State Grants	500
Preschool Grants	225
Ohio School Improvement	4,000
<i>Total All Funds</i>	<u><u>\$29,971</u></u>

Interfund receivables and payables are due to the timing of the receipt of grant monies received by the various funds. The general fund provides temporary funding of the program until the grant dollars are received.

**Note 12 - Jointly Governed Organizations**

***A. North East Ohio Management Information Network***

The North East Ohio Management Information Network (NEOMIN) is a jointly governed organization amount thirty Service Centers in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Service Centers. Each of the districts supports NEOMIN based upon a per pupil charge. The Service Center paid \$6,884 to NEOMIN during fiscal year 2009.

The Governing Board consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating Service Centers, three superintendents from Trumbull County participating Service Centers, and a principal and treasurer (non-voting members who must be employed by a participating Service Center, the fiscal agent or NEOMIN). The degree of control exercised by a participating Service Center is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

***B. Ashtabula County Joint Vocational School District***

The Ashtabula County Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009*

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a Board consisting of one representative from each of the participating School Districts' elected boards. The degree of control exercised by the Service Center is limited to its representation on the Board. The Board is its own budgeting and taxing authority. Financial information can be obtained from MaryAnn Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.

### **Note 13 – Public Entity Risk Pools**

#### ***A. Insurance Purchasing Pools***

***Ohio School Plan*** The Service Center participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of Service Center superintendents and treasurers, as well as the as president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

***Ohio Association of School Business Officials Workers' Compensation Group Rating Plan*** The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool. The Executive Director of the OASBO, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

#### ***B. Risk Sharing Pool***

The Service Center has contracted with the Ashtabula County Schools Council of Governments to provide employee medical/surgical, prescription drug, dental and vision benefits. The Ashtabula County Schools Council of Governments is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County school districts. Rates are set by the Ashtabula County Schools Council of Governments board of directors. The Service Center pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. Ashtabula County Schools Council of Governments is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council of Governments. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the Service Center. The Service Center is not liable nor receives a cash balance of past claims upon departure from the pool.

ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States (IDEA Part B)	6B-SF-08 6B-SF-09	84.027	\$99,664 1,266,628	\$111,583 1,278,274
Sub-Total - IDEA, Part B			1,366,292	1,389,857
Preschool Professional Development Early Childhood Special Education, IDEIA	2009 PG-S1-09	84.173	5,550 25,533	5,775 25,533
Sub-Total - Early Childhood Special Education			31,083	31,308
Total - Special Education Cluster			<u>1,397,375</u>	<u>1,421,165</u>
Ohio Improvement Process	N/A N/A	84.377	3,000	3,000 4,000
Sub-Total School Improvement			<u>3,000</u>	<u>7,000</u>
<b>Total Department of Education</b>			<u><u>\$1,400,375</u></u>	<u><u>\$1,428,165</u></u>

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

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

**NOTE TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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



# Mary Taylor, CPA

Auditor of State

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

Ashtabula County Educational Service Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To the Governing Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashtabula County Educational Service Center, Ashtabula County, (the Service Center) as of and for the year ended June 30, 2009, which collectively comprise the Service Center's basic financial statements and have issued our report thereon dated December 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Service Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Service Center's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Service Center's internal control will not prevent or detect a material financial statement misstatement.

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

### Compliance and Other Matters

As part of reasonably assuring whether the Service Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

The Service Center's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Service Center's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Governing Board and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 4, 2009



# Mary Taylor, CPA

Auditor of State

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

Ashtabula County Educational Service Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44041

To the Governing Board:

### Compliance

We have audited the compliance of Ashtabula County Educational Service Center (the Service Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Service Center's major federal programs. The Service Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Service Center's compliance based on our audit.

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

In our opinion, the Ashtabula County Educational Service Center complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended June 30, 2009.

### Internal Control Over Compliance

The Service Center's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Service Center's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Service Center's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Service Center's ability to administer a federal program such that there is more than a remote likelihood that the Government's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Service Center's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



**Mary Taylor, CPA**  
Auditor of State

December 4, 2009

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2009**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster: IDEA, Part B (CFDA No. 84.027) Early Childhood Special Education (CFDA No. 84.173)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2009

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

<b>Finding Number</b>	<b>2009-001</b>
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**Noncompliance Citation**

**Annual Financial Report**

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on a form utilized by the public office. Ohio Administrative Code § 117-2-03 (B) further clarifies the requirements of the Ohio Revised Code § 117.38.

Ohio Administrative Code § 117-2-03 (B) requires the Service Center to prepare its financial report in accordance with accounting principles generally accepted in the United States of America. However, the Service Center prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

Official's Response:

The Governing Board, Superintendent and Treasurer do not feel it is cost effective and efficient to prepare the conversion and future reporting needs. Therefore, we chose to report under the new standards of Other Comprehensive Basis of Accounting (OCBOA).

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

None

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2009**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i></b>
2008-001	Ohio Administrative Code § 117-2-03 (B) requires the Service Center to prepare its financial report in accordance with generally accepted accounting principles	No, the Service Center has filed its financial report under the Other Cash Basis of Accounting. Repeated as citation 2009-001.	The Governing Board, Superintendent and Treasurer do not feel it is cost effective and efficient to prepare the conversion and future reporting needs. Therefore, we chose to report under the new standards of Other Comprehensive Basis of Accounting (OCBOA).



Mary Taylor, CPA  
Auditor of State

ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER

ASHTABULA COUNTY

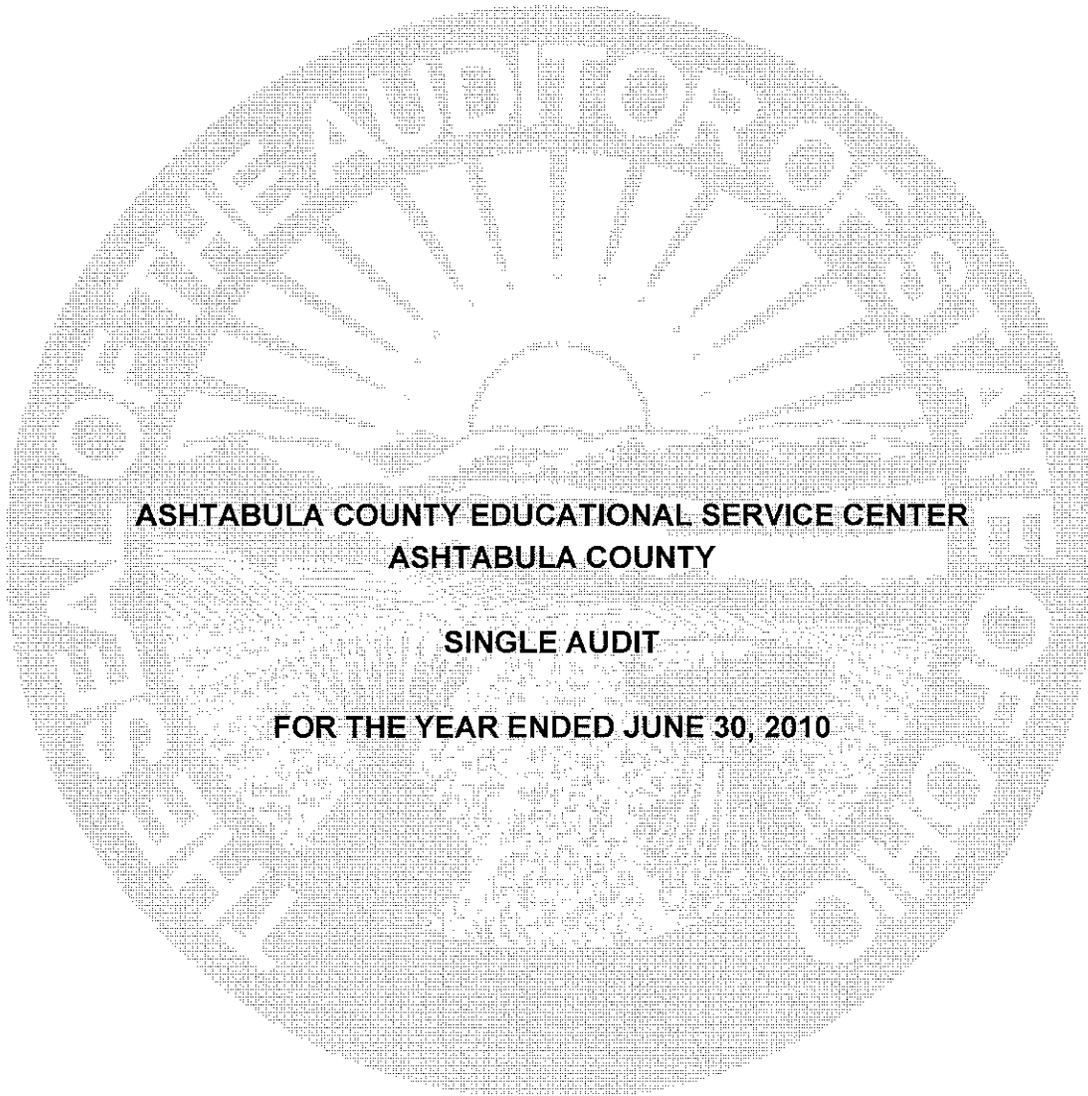
CLERK'S CERTIFICATION

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 5, 2010



**Mary Taylor, CPA**  
Auditor of State

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Ashtabula County Educational Service Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To the Governing Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashtabula County Educational Service Center, Ashtabula County, Ohio (the Service Center), as of and for the year ended June 30, 2010, which collectively comprise the Service Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Service Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the Service Center to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 2, the accompanying financial statements and notes have been prepared on a basis of accounting in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual reports in accordance with generally accepted accounting principles. This basis of accounting is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashtabula County Educational Service Center, Ashtabula County, Ohio, as of June 30, 2010, and the respective changes in cash financial position and the respective budgetary comparison for the General and IDEA, Part-B Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2010, on our consideration of the Service Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the Service Center's financial statements. The Federal Awards Expenditure Schedule provides additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statements. We subjected this schedule to the auditing procedures applied in our audit of the Service Center's financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

September 15, 2010

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2010*  
*Unaudited*

---

This discussion and analysis of the Ashtabula County Educational Service Center's financial performance provides an overall review of the Service Center's financial activities for the fiscal year ended June 30, 2010, within the limitations of the Service Center's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Service Center's financial performance.

### **Highlights**

Key highlights for 2010 are as follows:

- New services/programs were started in 2010 as client-district needs arose. These programs include, but are not limited to, OT/PT services, Autism Unit Program, Building Bridges II Program as well as School Improvement Academic Coaching services. These services will continue into future years as the Governing Board serves its local and city school districts.
- Net assets of governmental activities decreased from fiscal year 2009 to fiscal year 2010. This decrease is a result of increases in special instruction and pupil support services expenditures.
- Total revenues were comprised of general revenues and program specific revenues from charges for services and operating grants and contributions.
- The general fund had expenditures that exceeded revenues, resulting in a decrease to the general fund's fund balance.
- The IDEIA Part-B special revenue fund had revenues that exceeded expenditures, resulting in an increase to the IDEIA Part-B special revenue fund's fund balance.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Service Center's cash basis of accounting.

### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Service Center as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Service Center as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2010*  
*Unaudited*

---

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Service Center has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Service Center's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Service Center did financially during 2010 within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Service Center at fiscal year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Service Center's general receipts.

These statements report the Service Center's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Service Center's financial health. Over time, increases or decreases in the Service Center's cash position is one indicator of whether the Service Center's financial health is improving or deteriorating. When evaluating the Service Center's financial condition, you should also consider other nonfinancial factors as well, such as the condition of the Service Center's capital assets and infrastructure, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources.

The statement of net assets and the statement of activities usually distinguish between those activities of the Service Center that are governmental and those that are considered business-type. The Service Center, however, has no business-type activities.

**Governmental Activities:** Most of the Service Center's basic services are reported here, including instructional and support services. State and federal grants and charges for services finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Service Center's major funds – not the Service Center as a whole. The Service Center establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Service Center are split into two categories: governmental and fiduciary.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2010*  
*Unaudited*

Governmental Funds - Most of the Service Center's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Service Center's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Service Center's programs. The Service Center's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Service Center's major governmental funds are the general fund and IDEIA Part-B special revenue fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Service Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Service Center's programs.

**The Service Center as a Whole**

Table 1 provides a summary of the Service Center's net assets for 2010 compared to 2009 on a cash basis:

(Table 1)  
**Net Assets**  
**Governmental Activities**

	2010	2009	Change
<b>Assets</b>			
Cash and Cash Equivalents	\$2,611,759	\$2,807,036	(\$195,277)
<b>Net Assets</b>			
Restricted for:			
Other Purposes	\$80,250	\$62,305	\$17,945
Unrestricted	2,531,509	2,744,731	(213,222)
Total Net Assets	\$2,611,759	\$2,807,036	(\$195,277)

As mentioned previously, net assets of governmental activities decreased during 2010. This decrease is a result of increases in special instruction and pupil support services expenditures.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2010*  
*Unaudited*

Table 2 reflects the changes in net assets in 2010 compared to 2009.

(Table 2)  
**Changes in Net Assets**  
**Governmental Activities**

	2010	2009	Change
<b>Receipts:</b>			
<i>Program Receipts:</i>			
Charges for Services and Sales	\$1,798,554	\$1,643,390	\$155,164
Operating Grants and Contributions	2,512,707	2,015,142	497,565
<b>Total Program Receipts</b>	<b>4,311,261</b>	<b>3,658,532</b>	<b>652,729</b>
<i>General Receipts:</i>			
Grants and Entitlements Not Restricted to Specific Programs	4,809,667	3,755,589	1,054,078
Unrestricted Contributions and Donations	1,216	950	266
Interest	26,751	39,947	(13,196)
Miscellaneous	70,463	87,036	(16,573)
<b>Total General Receipts</b>	<b>4,908,097</b>	<b>3,883,522</b>	<b>1,024,575</b>
<b>Total Receipts</b>	<b>9,219,358</b>	<b>7,542,054</b>	<b>1,677,304</b>
<b>Disbursements:</b>			
<i>Instruction:</i>			
Regular	570,635	702,524	(131,889)
Special	2,822,512	2,121,163	701,349
Adult/Continuing	146,910	145,379	1,531
<i>Support Services:</i>			
Pupil	1,857,682	1,305,186	552,496
Instructional Staff	2,463,406	2,361,253	102,153
Board of Education	38,374	41,285	(2,911)
Administration	830,607	922,694	(92,087)
Fiscal	307,465	275,942	31,523
Operation and Maintenance of Plant	83,356	53,552	29,804
Pupil Transportation	273,452	9,130	264,322
Central	20,236	16,730	3,506
<b>Total Disbursements</b>	<b>9,414,635</b>	<b>7,954,838</b>	<b>1,459,797</b>
Decrease in Net Assets	(195,277)	(412,784)	217,507
Net Assets, June 30, 2008	2,807,036	3,219,820	(412,784)
Net Assets, June 30, 2009	<b>\$2,611,759</b>	<b>\$2,807,036</b>	<b>(\$195,277)</b>

Program revenues represent 46.8 percent of the total receipts and are primarily comprised of funds used to cover services provided to the school districts, tuition and operating grants.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2010*  
*Unaudited*

**Governmental Activities**

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Service Center. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for special instruction and support services instructional staff. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Service Center that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local sources. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)  
**Governmental Activities**

	Total Cost Of Services 2010	Net Cost of Services 2010	Total Cost Of Services 2009	Net Cost of Services 2009
Instruction:				
Regular	\$570,635	(\$352,618)	\$702,524	\$5,602
Special	2,822,512	(1,257,571)	2,121,163	(1,158,872)
Adult/Continuing	146,910	(4,109)	145,379	(123)
Support Services:				
Pupil	1,857,682	(1,470,286)	1,305,186	(934,123)
Instructional Staff	2,463,406	(1,130,189)	2,361,253	(1,384,799)
Board of Education	38,374	(29,936)	41,285	(36,366)
Administration	830,607	(537,814)	922,694	(556,130)
Fiscal	307,465	(225,182)	275,942	(211,111)
Operation and Maintenance of Plant	83,356	(77,356)	53,552	(43,051)
Pupil Transportation	273,452	1,923	9,130	39,397
Central	20,236	(20,236)	16,730	(16,730)
Total Expenses	<u>\$9,414,635</u>	<u>(\$5,103,374)</u>	<u>\$7,954,838</u>	<u>(\$4,296,306)</u>

**The Government's Funds**

Information regarding the Service Center's major funds starts on page 12. These funds are accounted for using the cash basis of accounting. All governmental funds had total revenues of \$9,219,358 and total expenditures of \$9,414,635. The net change in governmental fund balance for the year was most significant in the general fund which had a decrease due to greater spending on special education and pupil support services.

**General Fund Budgeting Highlights**

The Service Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2010*  
*Unaudited*

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During the course of fiscal year 2010, the Service Center amended its general fund budget as needed to reflect changing circumstances. These amendments are due to changes in program attendance and/or client-district needs. The general fund is often called upon to advance funds to one project or another. During the course of the fiscal year, several federal and state grants will surface or material changes in existing ones will require budgetary action.

For the general fund, the final budget basis revenue estimate was above the original revenue estimate. The main difference between the original and final estimates was due to increased intergovernmental revenues used to fund the various new services provided to participating school districts.

The final budget basis expenditures estimate was above the original budget estimate. The increase in the budget estimate was a result of an increase in services being provided to participating school districts.

**Capital Assets**

The Service Center maintains a listing of its capital assets. These records are not required to be presented in the financial statements.

**Current Issues**

The Service Center continues to be financially stable and is able to continue to offer the programs needed to enrich and service the various school districts. The Board and administration closely monitor its revenues and expenditures in accordance with board policy. The Service Center is committed to serving its local and city school districts and will continue to do so.

The Service Center is centrally located at the Ashtabula County Joint Vocational School in Jefferson, Ohio. Rent for the office space is currently paid for by the Ashtabula County Commissioners. The central location enables easy access for countywide in-service programs, professional development and training activities.

While many outside factors can and will affect the economy, the Service Center is committed to provide the best services possible and to be fiscally responsible now and in the future. The Service Center is constantly evaluating its programs and expanding where it can to provide cost effective services to school districts. If the Service Center does not provide efficiency, there is no reason for a school district to contract with them.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the 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 Bonnie S. Brockway, Treasurer at the Ashtabula County Educational Service Center, 1565 State Route 167, P.O. Box 186, Jefferson, Ohio 44047-0186.

**Ashtabula County Educational Service Center**

*Statement of Net Assets - Cash Basis*

*June 30, 2010*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,611,759</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$80,250
Unrestricted	<u>2,531,509</u>
<i>Total Net Assets</i>	<u>\$2,611,759</u>

See accompanying notes to the basic financial statements.

**Ashtabula County Educational Service Center**  
*Statement of Activities - Cash Basis*  
For the Fiscal Year Ended June 30, 2010

	Program Cash Receipts			Net Receipts (Disbursements) and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$570,635	\$204,259	\$13,758	(\$352,618)
Special	2,822,512	689,169	875,772	(1,257,571)
Adult/Continuing	146,910	37,935	104,866	(4,109)
Support Services:				
Pupil	1,857,682	98,549	288,847	(1,470,286)
Instructional Staff	2,463,406	699,140	634,077	(1,130,189)
Board of Education	38,374	8,438	0	(29,936)
Administration	830,607	4,828	287,965	(537,814)
Fiscal	307,465	56,236	26,047	(225,182)
Operation and Maintenance of Plant	83,356	0	6,000	(77,356)
Pupil Transportation	273,452	0	275,375	1,923
Central	20,236	0	0	(20,236)
<b>Total</b>	<b>\$9,414,635</b>	<b>\$1,798,554</b>	<b>\$2,512,707</b>	<b>(5,103,374)</b>
<b>General Receipts</b>				
				4,809,667
				1,216
				26,751
				70,463
				<u>4,908,097</u>
				(195,277)
				<u>2,807,036</u>
				<u>\$2,611,759</u>

See accompanying notes to the basic financial statements.

**Ashtabula County Educational Service Center**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2010*

	General	IDEA Part-B	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,531,509	\$27,427	\$52,823	\$2,611,759
<b>Fund Balances</b>				
Reserved for Encumbrances	\$62,096	\$27,232	\$947	\$90,275
Unreserved:				
Undesignated, Reported in:				
General Fund	2,469,413	0	0	2,469,413
Special Revenue Funds	0	195	51,876	52,071
<i>Total Fund Balances</i>	<u>\$2,531,509</u>	<u>\$27,427</u>	<u>\$52,823</u>	<u>\$2,611,759</u>

See accompanying notes to the basic financial statements.

**Ashtabula County Educational Service Center**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2010*

	General	IDEA Part-B	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Intergovernmental	\$4,822,925	\$2,298,607	\$200,842	\$7,322,374
Interest	26,751	0	0	26,751
Tuition and Fees	587,518	0	57,230	644,748
Contributions and Donations	1,216	0	0	1,216
Charges for Services	1,153,806	0	0	1,153,806
Miscellaneous	70,463	0	0	70,463
<i>Total Receipts</i>	<u>6,662,679</u>	<u>2,298,607</u>	<u>258,072</u>	<u>9,219,358</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	570,635	0	0	570,635
Special	1,952,396	813,141	56,975	2,822,512
Adult/Continuing	0	0	146,910	146,910
Support Services:				
Pupil	1,570,853	286,829	0	1,857,682
Instructional Staff	1,815,134	599,828	48,444	2,463,406
Board of Education	38,374	0	0	38,374
Administration	542,822	285,546	2,239	830,607
Fiscal	279,757	23,756	3,952	307,465
Operation and Maintenance of Plant	77,356	0	6,000	83,356
Pupil Transportation	0	273,452	0	273,452
Central	20,236	0	0	20,236
<i>Total Disbursements</i>	<u>6,867,563</u>	<u>2,282,552</u>	<u>264,520</u>	<u>9,414,635</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(204,884)</u>	<u>16,055</u>	<u>(6,448)</u>	<u>(195,277)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	17,571	23,018	2,891	43,480
Advances Out	(25,909)	(12,846)	(4,725)	(43,480)
<i>Total Other Financing Sources (Uses)</i>	<u>(8,338)</u>	<u>10,172</u>	<u>(1,834)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(213,222)	26,227	(8,282)	(195,277)
<i>Fund Balances Beginning of Year</i>	<u>2,744,731</u>	<u>1,200</u>	<u>61,105</u>	<u>2,807,036</u>
<i>Fund Balances End of Year</i>	<u>\$2,531,509</u>	<u>\$27,427</u>	<u>\$52,823</u>	<u>\$2,611,759</u>

See accompanying notes to the basic financial statements.

**Ashtabula County Educational Service Center**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$4,474,997	\$4,822,925	\$4,822,925	\$0
Interest	24,816	24,407	26,751	2,344
Tuition and Fees	544,058	587,368	587,518	150
Contributions and Donations	1,128	1,216	1,216	0
Charges for Services	1,070,341	1,153,247	1,153,806	559
Miscellaneous	65,366	69,643	70,463	820
<i>Total Receipts</i>	<u>6,180,706</u>	<u>6,658,806</u>	<u>6,662,679</u>	<u>3,873</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	738,572	801,565	572,260	229,305
Special	2,513,293	2,473,613	1,959,219	514,394
Support Services:				
Pupil	2,020,144	1,891,073	1,592,249	298,824
Instructional Staff	2,337,197	2,642,261	1,822,677	819,584
Board of Education	52,475	88,465	39,055	49,410
Administration	719,230	1,034,818	551,101	483,717
Fiscal	357,600	338,730	280,407	58,323
Operation and Maintenance of Plant	100,286	122,440	92,455	29,985
Pupil Transportation	2,360	2,360	0	2,360
Central	26,698	50,700	20,236	30,464
<i>Total Disbursements</i>	<u>8,867,855</u>	<u>9,446,025</u>	<u>6,929,659</u>	<u>2,516,366</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(2,687,149)</u>	<u>(2,787,219)</u>	<u>(266,980)</u>	<u>2,520,239</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Receipts	(75,153)	(75,153)	0	75,153
Advances In	17,571	17,571	17,571	0
Advances Out	0	0	(25,909)	(25,909)
<i>Total Other Financing Sources (Uses)</i>	<u>(57,582)</u>	<u>(57,582)</u>	<u>(8,338)</u>	<u>49,244</u>
<i>Net Change in Fund Balance</i>	<u>(2,744,731)</u>	<u>(2,844,801)</u>	<u>(275,318)</u>	<u>2,569,483</u>
<i>Fund Balance Beginning of Year</i>	2,699,796	2,699,796	2,699,796	0
Prior Year Encumbrances Appropriated	44,935	44,935	44,935	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$0</u>	<u>(\$100,070)</u>	<u>\$2,469,413</u>	<u>\$2,569,483</u>

See accompanying notes to the basic financial statements.

**Ashtabula County Educational Service Center**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*IDEA Part-B Fund*  
*For the Fiscal Year Ended June 30, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	<u>\$3,057,362</u>	<u>\$3,057,362</u>	<u>\$2,298,607</u>	<u>(\$758,755)</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Special	1,204,922	1,199,865	840,041	359,824
Support Services:				
Pupil	360,372	358,858	286,829	72,029
Instructional Staff	763,402	760,195	599,828	160,367
Administration	321,730	320,378	285,878	34,500
Fiscal	32,404	32,268	23,756	8,512
Pupil Transportation	<u>375,732</u>	<u>374,153</u>	<u>273,452</u>	<u>100,701</u>
<i>Total Disbursements</i>	<u>3,058,562</u>	<u>3,045,717</u>	<u>2,309,784</u>	<u>735,933</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,200)</u>	<u>11,645</u>	<u>(11,177)</u>	<u>(22,822)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	23,018	23,018
Advances Out	<u>0</u>	<u>0</u>	<u>(12,846)</u>	<u>(12,846)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>10,172</u>	<u>10,172</u>
<i>Net Change in Fund Balance</i>	<u>(1,200)</u>	<u>11,645</u>	<u>(1,005)</u>	<u>(12,650)</u>
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$12,845</u>	<u>\$195</u>	<u>(\$12,650)</u>

See accompanying notes to the basic financial statements.

**Ashtabula County Educational Service Center**  
*Statement of Fiduciary Assets and Liabilities - Cash Basis*  
*Agency Fund*  
*June 30, 2010*

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<b>Assets</b>	<u>Agency</u>
Equity in Pooled Cash and Cash Equivalents	<u>\$1,694</u>

<b>Liabilities</b>	
Due to others	<u>1,694</u>

See accompanying notes to the basic financial statements.

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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### **Note 1 - Reporting Entity**

In 1963, the Ashtabula County Educational Service Center (the Service Center) was formed. The Service Center supplies special education, supervisory, administrative, fiscal and other needed services to area school districts in Ashtabula County. The Service Center operates under a locally-elected five-member Governing Board form of government and provides educational services as mandated by State or federal agencies to four local and two city school districts. The Board controls the Service Center's staff who provide services to over 13,318 students and other community members in Ashtabula County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading.

#### ***Primary Government***

The primary government of the Service Center consists of all funds, departments, boards, and agencies that are not legally separate from the Service Center. For the Service Center, this includes the agencies and departments that provide the following services: general operations and related special education, supervisory, administrative and fiscal activities of the Service Center.

#### ***Component Units***

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 organization's 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. The Service Center is also financially accountable for any 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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Service Center, are accessible to the Service Center and are significant in amount to the Service Center. The Service Center has no component units.

The Service Center participates in two jointly governed organizations, two insurance purchasing pools and one risk sharing pool. These organizations are the North East Ohio Management Information Network, the Ashtabula County Joint Vocational School District, the Ohio School Plan, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan and the Ashtabula County Schools Council of Governments. These organizations are presented in Notes 12 and 13 to the basic financial statements.

The Service Center's management believes these financial statements present all activities for which the Service Center is financially accountable.

### **Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Service Center's accounting policies.

### ***Basis of Presentation***

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

***Government-Wide Financial Statements*** The statement of net assets and the statement of activities display information about the Service Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Service Center that are governmental and those that are considered business-type. The Service Center, however, has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Service Center at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the Service Center's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Service Center's general receipts.

***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. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

### ***Fund Accounting***

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

***Governmental Funds*** The Service Center classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Service Center's only major funds are the general fund and IDEIA Part-B special revenue fund.

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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**General Fund** The general fund 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.

**IDEIA Part-B Fund** The IDEIA Part-B fund accounts for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

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

**Fiduciary Funds** 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 not available to support the Service Center's own programs. The Service Center has no trust funds. Agency funds are custodial in nature. The Service Center's agency fund accounts for the payment to the School Employees Retirement System.

### ***Basis of Accounting***

The Service Center's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Service Center's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Service Center are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

### ***Budgetary Process***

The Service Center adopts a budget for all funds, other than agency funds. The Service Center's Board adopts an annual appropriation resolution which is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the fund level for all funds. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds. The Treasurer reviews the prior year's revenues and factors in the wages expected to be charged for the services offered and the grants anticipated to be received in order to determine the estimated resources for the current year. The estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Service Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts of the estimated resources approved by the Board when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts of the estimated resources that was in effect at the time the final appropriations were passed by the Board.

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

### ***Cash and Investments***

To improve cash management, cash received by the Service Center is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Service Center records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the Service Center's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Service Center are presented on the financial statements as cash equivalents.

During fiscal year 2010, the Service Center invested in a nonnegotiable certificate of deposit and STAROhio. Nonparticipating investment contracts such as nonnegotiable certificates of deposits are reported at cost.

STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the general fund during fiscal year 2010 was \$26,751, which included \$822 assigned from other Service Center funds.

### ***Inventory and Prepaid Items***

The Service Center reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

### ***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

### ***Interfund Receivables/Payables***

The Service Center reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

### ***Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Service Center's cash basis of accounting.

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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### ***Employer Contributions to Cost-Sharing Pension Plans***

The Service Center recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

### ***Long-Term Obligations***

The Service Center's cash basis financial statements do not report liabilities for long-term obligations. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

### ***Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Service Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for federal and state grants restricted to cash disbursement for specified purposes. The Service Center's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

### ***Fund Balance Reserves***

The Service Center reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

### ***Interfund Activity***

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead disbursements from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

### **Note 3 – Compliance**

Ohio Administrative Code, Section 117-2-03 (B), requires the Service Center to prepare its annual financial report in accordance with generally accepted accounting principles. However, the Service Center prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time.

### **Note 4 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the IDEIA Part-B special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) in the general and IDEIA Part-B special revenue fund were \$62,096 and \$27,232, respectively.

### **Note 5 – Deposits and Investments**

Monies held by the Service Center are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Service Center treasury. Active 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 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 passbook accounts.

Interim monies held by the Service Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation 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 any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

## Ashtabula County Educational Service Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

### Deposits

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of bank failure, the Service Center will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$1,547,997 of the Service Center's bank balance of \$2,547,997 was uninsured and uncollateralized. A third party custodian holds the collateral in a pool, and the uninsured deposits covered by the pool would not be exposed to custodial credit risk because the collateral is held by the government's agent in the government's name.

The Service Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Service Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

### Investments

As of June 30, 2010, the Service Center had STAROhio as the only investment with an amount of \$65,456 and a maturity of 56 days. The investment is in an internal investment pool.

**Credit Risk** Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Service Center has no investment policy that addresses credit risk.

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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### **Note 6 – State Funding**

The Service Center, under State law, provides supervisory services to local school districts within its territory. Each city, local and exempted village school district that entered into an agreement with the Service Center is considered to be provided supervisory services. The cost of the supervisory services is determined by formula under State law. The State Department of Education apportions the costs for all supervisory services to the local and client school districts based on each school's total student count. The Department of Education deducts each school district's amount from their State foundation program settlements and remits the amount to the Service Center. The Service Center may provide additional supervisory services if the majority of local and client school districts agree to the services and the apportionment of the costs to all of the local and client school districts.

The Service Center also receives funding from the State Department of Education in the amount of \$37 times the average daily membership of the school districts. Average daily membership includes the total student counts of all local school districts within the Service Center's territory and all of the Service Center's client school districts. This amount is paid from State resources. The Department of Education also deducts from the State foundation program settlement of each of the Service Center's local and client school districts an amount equal to \$6.50 times the school district's total student count and remits this amount to the Service Center.

The Service Center may contract with city, exempted village, local, joint vocational or cooperative education school districts to provide special education and related services or career-technical education services. The individual boards of education pay the costs for these services directly to the Service Center.

### **Note 7 - Risk Management**

#### ***Property and Liability***

The Service Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the Service Center joined together with other Service Centers in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool to obtain liability coverage. Each individual school district enters into an agreement with the OSP and its premium is based on the types of coverage and limits of coverage, and deductibles that it selects. The Service Center contracted with OSP for general liability with a \$1,000,000 per occurrence and \$3,000,000 aggregate and for errors and omissions with a \$1,000,000 per occurrence and \$3,000,000 aggregate.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

#### ***Workers' Compensation***

The Service Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Service Center by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories.

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control, assistance with safety programs and actuarial services to the GRP.

### ***Employee Medical Benefits***

The Service Center participates in the Ashtabula County Schools Council of Governments, a risk sharing pool (Note 13) to provide employee medical/surgical, prescription drug, dental and vision benefits. Rates are set through an annual calculation process. The Service Center pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The Service Center's Board pays the entire cost of a monthly premium for all full-time employees.

## **Note 8 - Defined Benefit Pension Plans**

### ***School Employee Retirement System***

Plan Description - The Service Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Service Center is required to contribute at an actuarially determined rate. The current Service Center rate is 14 percent of annual covered payroll. A portion of the Service Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Service Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$155,123, \$110,579, and \$105,817 respectively. The full amount has been contributed for fiscal years 2010, 2009 and 2008.

### ***State Teachers Retirement System***

Plan Description - The Service Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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 - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The Service Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Service Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$547,947, \$457,368, and \$399,677 respectively. The full amount has been contributed for fiscal years 2010, 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2009 (the latest information available) were \$3,294 made by the School District and \$6,758 made by the plan members.

### **Note 9 - Postemployment Benefits**

#### ***School Employee Retirement System***

Plan Description – The Service Center participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$24,276.

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.

The Service Center's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$29,859, \$50,606, and \$48,287 respectively. The full amount has been contributed for fiscal years 2010, 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The Service Center's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$9,225, \$9,124, and \$7,624 respectively. The full amount has been contributed for fiscal years 2010, 2009 and 2008.

### ***State Teachers Retirement System***

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Service Center's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$42,150, \$35,182, and \$30,744 respectively. The full amount has been contributed for fiscal years 2010, 2009 and 2008.

## **Note 10 – Contingent Liabilities**

### ***Grants***

Amounts grantor agencies pay to the Service Center are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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### *Litigation*

The Service Center is not party to legal proceedings.

### **Note 11 - Interfund Balances**

	Interfund Receivable
Interfund Payable	General
IDEIA Part-B	\$23,018
Bus Driver Training	9,510
Local Grants	5,000
Preschool Grants	781
<i>Total All Funds</i>	\$38,309

Interfund receivables and payables are due to the timing of the receipt of grant monies received by the various funds. The general fund provides temporary funding of the program until the grant dollars are received.

### **Note 12 - Jointly Governed Organizations**

#### *North East Ohio Management Information Network*

The North East Ohio Management Information Network (NEOMIN) is a jointly governed organization amount thirty Service Centers in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Service Centers. Each of the districts supports NEOMIN based upon a per pupil charge. The Service Center paid \$7,000 to NEOMIN during fiscal year 2010.

The Governing Board consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating Service Centers, three superintendents from Trumbull County participating Service Centers, and a principal and treasurer (non-voting members who must be employed by a participating Service Center, the fiscal agent or NEOMIN). The degree of control exercised by a participating Service Center is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

#### *Ashtabula County Joint Vocational School District*

The Ashtabula County Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating School Districts' elected boards. The degree of control exercised by the Service Center is limited to its representation on the Board. The

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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Board is its own budgeting and taxing authority. Financial information can be obtained from Mary Ann Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.

### **Note 13 – Public Entity Risk Pools**

#### ***Insurance Purchasing Pools***

***Ohio School Plan*** The Service Center participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of Service Center superintendents and treasurers, as well as the as president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

***Ohio Association of School Business Officials Workers' Compensation Group Rating Plan*** The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool. The Executive Director of the OASBO, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

#### ***Risk Sharing Pool***

***Ashtabula County Schools Council of Governments*** The Service Center has contracted with the Ashtabula County Schools Council of Governments to provide employee medical/surgical, prescription drug, dental and vision benefits. The Ashtabula County Schools Council of Governments is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County school districts. Rates are set by the Ashtabula County Schools Council of Governments board of directors. The Service Center pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. Ashtabula County Schools Council of Governments is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council of Governments. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the Service Center. The Service Center is not liable nor receives a cash balance of past claims upon departure from the pool.

ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Special Education Cluster:</i>				
Special Education Grants to States (IDEA, Part B)	6B-SF-09	84.027	\$88,455	\$76,810
	6B-SF-10		1,281,310	1,280,382
Subtotal - CFDA 84.027			1,369,765	1,357,192
Special Education - Preschool Grants (IDEA Preschool)	PG-S1-10	84.173	25,589	25,864
ARRA - Special Education Grants to States (IDEA, Part B), Recovery Act		84.391	928,842	925,360
ARRA - Special Education Preschool Grants (IDEA Preschool) Recovery Act		84.392	7,455	7,257
<i>Total - Special Education Cluster</i>			2,331,651	2,315,673
Ohio Improvement Process		84.377	4,900	900
<b>Total - U.S. Department of Education</b>			2,336,551	2,316,573
<b>Totals</b>			<b>2,336,551</b>	<b>2,316,573</b>

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

ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY

NOTE TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2010

**SIGNIFICANT ACCOUNTING POLICIES**

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



# Mary Taylor, CPA

Auditor of State

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

Ashtabula County Educational Service Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To the Governing Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashtabula County Educational Service Center, Ashtabula County, (the Service Center) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 15, 2010, which noted the Service Center prepares its financial statements on a basis of accounting other than prescribed by Ohio Administrative Code Section 117-2-03(B). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

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### Compliance and Other Matters

As part of reasonably assuring whether the Service Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

The Service Center's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Service Center's response and, accordingly, we express no opinion on it.

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



**Mary Taylor, CPA**  
Auditor of State

September 15, 2010



# Mary Taylor, CPA

Auditor of State

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

Ashtabula County Educational Service Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44041

To the Governing Board:

### Compliance

We have audited the compliance of the Ashtabula County Educational Service Center (the Service Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect its major federal program for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Service Center's major federal program. The Service Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Service Center's compliance based on our audit.

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

In our opinion, the Ashtabula County Educational Service Center complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2010.

### Internal Control Over Compliance

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

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

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

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



Mary Taylor, CPA  
Auditor of State

September 15, 2010

ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	YES
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	NO
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	NO
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	NO
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster: IDEA Part B (CFDA No. 84.027); IDEA Part B ARRA (CFDA No. 84.391); Early Childhood IDEA (CFDA No. 84.173); Early Childhood ARRA (CFDA No. 84.392)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	YES

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

**FINDING NUMBER 2010-01**

**Noncompliance**

**Annual Financial Report**

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on a form utilized by the public office. Ohio Administrative Code § 117-2-03 (B) further clarifies the requirements of the Ohio Revised Code § 117.38.

Ohio Administrative Code § 117-2-03 (B) requires the Service Center to prepare its financial report in accordance with accounting principles generally accepted in the United States of America. However, the Service Center prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

**Official's Response:**

The Governing Board, Superintendent and Treasurer do not feel it is cost effective and efficient to prepare the conversion and future reporting needs. Therefore, we chose to report under the new standards of Other Comprehensive Basis of Accounting (OCBOA).

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

**NONE**

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2010**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i></b>
2009-001	Ohio Administrative Code § 117-2-03 (B) requires the Service Center to prepare its financial report in accordance with generally accepted accounting principles	No, the Service Center has filed its financial report under the Other Cash Basis of Accounting. Repeated as citation 2010-001.	The Governing Board, Superintendent and Treasurer do not feel it is cost effective and efficient to prepare the conversion and future reporting needs. Therefore, we chose to report under the new standards of Other Comprehensive Basis of Accounting (OCBOA).



Mary Taylor, CPA  
Auditor of State

ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER

ASHTABULA 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  
DECEMBER 7, 2010



Dave Yost • Auditor of State

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Ashtabula County Educational Service Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To the Governing Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ashtabula County Educational Service Center, Ashtabula County, Ohio (the Service Center), as of and for the year ended June 30, 2011, which collectively comprise the Service Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Service Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the Service Center to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

As further described in Note 4 to the basic financial statements, the Service Center restated its July 1, 2010 governmental fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ashtabula County Educational Service Center, Ashtabula County, Ohio, as of June 30, 2011, and the respective changes in cash financial position, thereof, and the respective budgetary comparison for the General Fund and IDEA, Part-B Fund, thereof, for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011, on our consideration of the Service Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the Service Center's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

October 31, 2011

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2011*  
*Unaudited*

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This discussion and analysis of the Ashtabula County Educational Service Center's financial performance provides an overall review of the Service Center's financial activities for the fiscal year ended June 30, 2011, within the limitations of the Service Center's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Service Center's financial performance.

**Highlights**

Key highlights for 2011 are as follows:

- New services/programs were started in 2010 as client-district needs arose. These programs include, but are not limited to, OT/PT services, Autism Unit Program, Building Bridges II Program as well as School Improvement Academic Coaching services. These services were a success during 2011 and will continue into future years as the Governing Board serves its local and city school districts.
- Net assets of governmental activities slightly increased from fiscal year 2010 to fiscal year 2011. This increase is a result of Service Center closely monitoring receipts to keep spending under control.
- Total revenues were comprised of general revenues and program specific revenues from charges for services and operating grants and contributions.
- The general fund had expenditures that exceeded revenues which were offset by the return of prior year advances from various grant funds. This resulted in an increase to the general fund's fund balance.
- The IDEIA Part-B special revenue fund had revenues that exceeded expenditures. The net effect was offset by the repayment of advances from the general fund in the prior year, resulting in a decrease to the IDEIA Part-B special revenue fund's fund balance.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Service Center's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Service Center as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Service Center as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2011*  
*Unaudited*

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Service Center has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Service Center's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Service Center did financially during 2011 within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Service Center at fiscal year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Service Center's general receipts.

These statements report the Service Center's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Service Center's financial health. Over time, increases or decreases in the Service Center's cash position is one indicator of whether the Service Center's financial health is improving or deteriorating. When evaluating the Service Center's financial condition, you should also consider other nonfinancial factors as well, such as the condition of the Service Center's capital assets, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources.

The statement of net assets and the statement of activities usually distinguish between those activities of the Service Center that are governmental and those that are considered business-type. The Service Center, however, has no business-type activities.

**Governmental Activities:** Most of the Service Center's basic services are reported here, including instructional and support services. State and federal grants and charges for services finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Service Center's major funds – not the Service Center as a whole. The Service Center establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Service Center are split into two categories: governmental and fiduciary.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2011*  
*Unaudited*

Governmental Funds - Most of the Service Center's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Service Center's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Service Center's programs. The Service Center's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Service Center's major governmental funds are the general fund and IDEIA Part-B special revenue fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Service Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Service Center's programs.

**The Service Center as a Whole**

Table 1 provides a summary of the Service Center's net assets for 2011 compared to 2010 on a cash basis:

(Table 1)  
**Net Assets**  
**Governmental Activities**

	2011	2010	Change
<b>Assets</b>			
Cash and Cash Equivalents	\$2,611,985	\$2,611,759	\$226
<b>Net Assets</b>			
Restricted for:			
Other Purposes	\$79,023	\$80,250	(\$1,227)
Unrestricted	2,532,962	2,531,509	1,453
Total Net Assets	\$2,611,985	\$2,611,759	\$226

As mentioned previously, net assets of governmental activities increased during 2011. This increase is a result of administration closely monitoring spending to keep it in line with current resources.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2011*  
*Unaudited*

Table 2 reflects the changes in net assets in 2011 compared to 2010.

(Table 2)  
**Changes in Net Assets**  
**Governmental Activities**

	2011	2010	Change
<b>Receipts:</b>			
<i>Program Receipts:</i>			
Charges for Services and Sales	\$2,280,937	\$1,798,554	\$482,383
Operating Grants and Contributions	2,002,214	2,512,707	(510,493)
<b>Total Program Receipts</b>	<b>4,283,151</b>	<b>4,311,261</b>	<b>(28,110)</b>
<i>General Receipts:</i>			
Grants and Entitlements Not Restricted to Specific Programs	5,408,070	4,809,667	598,403
Unrestricted Contributions and Donations	800	1,216	(416)
Interest	16,063	26,751	(10,688)
Miscellaneous	62,226	70,463	(8,237)
<b>Total General Receipts</b>	<b>5,487,159</b>	<b>4,908,097</b>	<b>579,062</b>
<b>Total Receipts</b>	<b>9,770,310</b>	<b>9,219,358</b>	<b>550,952</b>
<b>Disbursements:</b>			
<i>Instruction:</i>			
Regular	65,181	196,459	(131,278)
Special	2,864,847	2,822,512	42,335
Adult/Continuing	136,623	146,910	(10,287)
Student Intervention Services	494,004	374,176	119,828
<i>Support Services:</i>			
Pupil	2,390,942	1,857,682	533,260
Instructional Staff	2,368,867	2,463,406	(94,539)
Board of Education	33,120	38,374	(5,254)
Administration	863,864	830,607	33,257
Fiscal	361,549	307,465	54,084
Operation and Maintenance of Plant	143,307	83,356	59,951
Pupil Transportation	18,986	273,452	(254,466)
Central	28,794	20,236	8,558
<b>Total Disbursements</b>	<b>9,770,084</b>	<b>9,414,635</b>	<b>355,449</b>
Change in Net Assets	226	(195,277)	195,503
Net Assets Beginning of Year	2,611,759	2,807,036	(195,277)
<b>Net Assets End of Year</b>	<b>\$2,611,985</b>	<b>\$2,611,759</b>	<b>\$226</b>

Program revenues represent 43.8 percent of the total receipts and are primarily comprised of funds used to cover services provided to the school districts, tuition and operating grants.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2011*  
*Unaudited*

**Governmental Activities**

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Service Center. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for special instruction and support services instructional staff. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Service Center that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local sources. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)  
**Governmental Activities**

	Total Cost Of Services 2011	Net Cost of Services 2011	Total Cost Of Services 2010	Net Cost of Services 2010
Instruction:				
Regular	\$65,181	(\$25,337)	\$196,459	(\$141,758)
Special	2,864,847	(1,102,785)	2,822,512	(1,257,571)
Adult/Continuing	136,623	3,270	146,910	(4,109)
Student Intervention Services	494,004	(79,718)	374,176	(210,860)
Support Services:				
Pupil	2,390,942	(1,748,159)	1,857,682	(1,470,286)
Instructional Staff	2,368,867	(1,539,187)	2,463,406	(1,130,189)
Board of Education	33,120	(32,347)	38,374	(29,936)
Administration	863,864	(564,966)	830,607	(537,814)
Fiscal	361,549	(263,190)	307,465	(225,182)
Operation and Maintenance of Plant	143,307	(103,491)	83,356	(77,356)
Pupil Transportation	18,986	(2,229)	273,452	1,923
Central	28,794	(28,794)	20,236	(20,236)
Total Expenses	<u>\$9,770,084</u>	<u>(\$5,486,933)</u>	<u>\$9,414,635</u>	<u>(\$5,103,374)</u>

**The Government's Funds**

Information regarding the Service Center's major funds starts on page 12. These funds are accounted for using the cash basis of accounting. All governmental funds had total revenues of \$9,770,310 and total expenditures of \$9,770,084. The net change in governmental fund balance for the year was most significant in the IDEA Part-B special revenue fund which had a decrease due to decreases in State grants outpacing decreases in special education and pupil support services.

**General Fund Budgeting Highlights**

The Service Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

**Ashtabula County Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2011*  
*Unaudited*

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During the course of fiscal year 2011, the Service Center amended its general fund budget as needed to reflect changing circumstances. These amendments are due to changes in program attendance and/or client-district needs. The general fund is often called upon to advance funds to one project or another. During the course of the fiscal year, several federal and state grants will surface or material changes in existing ones will require budgetary action.

For the general fund, the final budget basis revenue estimate was above the original revenue estimate. The main difference between the original and final estimates was due to increased intergovernmental revenues used to fund the various new services provided to participating school districts.

The final budget basis expenditures estimate was above the original budget estimate. The increase in the budget estimate was a result of an increase in services being provided to participating school districts.

#### **Capital Assets**

The Service Center maintains a listing of its capital assets. These records are not required to be presented in the financial statements.

#### **Current Issues**

The Service Center continues to be financially stable and is able to continue to offer the programs needed to enrich and service the various school districts. The Board and administration closely monitor its revenues and expenditures in accordance with board policy. The Service Center is committed to serving its local and city school districts and will continue to do so.

The Service Center is centrally located at the Ashtabula County Joint Vocational School in Jefferson, Ohio. Rent for the office space is currently paid for by the Ashtabula County Commissioners. The central location enables easy access for countywide in-service programs, professional development and training activities.

While many outside factors can and will affect the economy, the Service Center is committed to provide the best services possible and to be fiscally responsible now and in the future. The Service Center is constantly evaluating its programs and expanding where it can to provide cost effective services to school districts. If the Service Center does not provide efficiency, there is no reason for a school district to contract with them.

#### **Contacting the Government's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the 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 Mary Gillespie, Treasurer at the Ashtabula County Educational Service Center, 1565 State Route 167, P.O. Box 186, Jefferson, Ohio 44047-0186.

**Ashtabula County Educational Service Center**  
*Statement of Net Assets - Cash Basis*  
*June 30, 2011*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,611,985
 <b>Net Assets</b>	
Restricted for:	
Other Purposes	\$79,023
Unrestricted	2,532,962
 <i>Total Net Assets</i>	 \$2,611,985

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2011*

	Program Cash Receipts			Net Receipts (Disbursements) and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
<b>Instruction:</b>				
Regular	\$65,181	\$26,082	\$13,762	(\$25,337)
Special	2,864,847	994,223	767,839	(1,102,785)
Adult/Continuing	136,623	35,027	104,866	3,270
Student Intervention Services	494,004	414,286	0	(79,718)
<b>Support Services:</b>				
Pupil	2,390,942	335,027	307,756	(1,748,159)
Instructional Staff	2,368,867	345,687	483,993	(1,539,187)
Board of Education	33,120	773	0	(32,347)
Administration	863,864	13,523	285,375	(564,966)
Fiscal	361,549	72,601	25,758	(263,190)
Operation and Maintenance of Plant	143,307	30,741	9,075	(103,491)
Pupil Transportation	18,986	12,967	3,790	(2,229)
Central	28,794	0	0	(28,794)
<b>Total</b>	<b>\$9,770,084</b>	<b>\$2,280,937</b>	<b>\$2,002,214</b>	<b>(5,486,933)</b>
<b>General Receipts</b>				
Grants and Entitlements not Restricted to Specific Programs				5,408,070
Unrestricted Contributions and Donations				800
Interest				16,063
Miscellaneous				62,226
<i>Total General Receipts</i>				<u>5,487,159</u>
Change in Net Assets				226
<i>Net Assets Beginning of Year</i>				<u>2,611,759</u>
<i>Net Assets End of Year</i>				<u><u>\$2,611,985</u></u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2011*

	<u>General</u>	<u>IDEIA Part-B</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$2,532,962</u>	<u>\$19,037</u>	<u>\$59,986</u>	<u>\$2,611,985</u>
<b>Fund Balances</b>				
Restricted	\$0	\$19,037	\$59,986	\$79,023
Committed	72,625	0	0	72,625
Assigned	36,425	0	0	36,425
Unassigned	<u>2,423,912</u>	<u>0</u>	<u>0</u>	<u>2,423,912</u>
<i>Total Fund Balances</i>	<u>\$2,532,962</u>	<u>\$19,037</u>	<u>\$59,986</u>	<u>\$2,611,985</u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
**Governmental Funds**  
*For the Fiscal Year Ended June 30, 2011*

	General	IDEIA Part-B	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Intergovernmental	\$5,419,557	\$1,760,190	\$230,537	\$7,410,284
Interest	16,063	0	0	16,063
Tuition and Fees	672,160	0	68,766	740,926
Contributions and Donations	800	0	0	800
Charges for Services	1,540,011	0	0	1,540,011
Miscellaneous	62,226	0	0	62,226
<i>Total Receipts</i>	<u>7,710,817</u>	<u>1,760,190</u>	<u>299,303</u>	<u>9,770,310</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	65,181	0	0	65,181
Special	2,098,853	696,403	69,591	2,864,847
Adult/Continuing	0	0	136,623	136,623
Student Intervention Services	494,004	0	0	494,004
Support Services:				
Pupil	2,083,535	303,451	3,956	2,390,942
Instructional Staff	1,858,550	449,175	61,142	2,368,867
Board of Education	33,120	0	0	33,120
Administration	574,308	285,178	4,378	863,864
Fiscal	331,465	23,512	6,572	361,549
Operation and Maintenance of Plant	134,337	0	8,970	143,307
Pupil Transportation	15,283	1,253	2,450	18,986
Central	26,519	0	2,275	28,794
<i>Total Disbursements</i>	<u>7,715,155</u>	<u>1,758,972</u>	<u>295,957</u>	<u>9,770,084</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,338)</u>	<u>1,218</u>	<u>3,346</u>	<u>226</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	25,908	13,410	6,708	46,026
Advances Out	(20,117)	(23,018)	(2,891)	(46,026)
<i>Total Other Financing Sources (Uses)</i>	<u>5,791</u>	<u>(9,608)</u>	<u>3,817</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,453	(8,390)	7,163	226
<i>Fund Balances Beginning of Year</i>	<u>2,531,509</u>	<u>27,427</u>	<u>52,823</u>	<u>2,611,759</u>
<i>Fund Balances End of Year</i>	<u>\$2,532,962</u>	<u>\$19,037</u>	<u>\$59,986</u>	<u>\$2,611,985</u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$5,156,836	\$5,419,557	\$5,419,557	\$0
Interest	30,000	16,063	16,063	0
Tuition and Fees	635,563	672,160	672,160	0
Contributions and Donations	1,200	800	800	0
Charges for Services	1,016,470	1,540,011	1,540,011	0
Miscellaneous	57,500	62,226	62,226	0
<i>Total Receipts</i>	6,897,569	7,710,817	7,710,817	0
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	184,950	145,757	67,276	78,481
Special	2,698,072	2,592,818	2,110,522	482,296
Student Intervention Services	456,517	507,484	494,004	13,480
Support Services:				
Pupil	1,706,198	2,377,017	2,098,936	278,081
Instructional Staff	2,730,020	2,460,827	1,897,371	563,456
Board of Education	70,131	73,631	33,878	39,753
Administration	1,042,963	897,672	603,007	294,665
Fiscal	353,188	374,836	332,544	42,292
Operation and Maintenance of Plant	160,349	230,406	144,865	85,541
Pupil Transportation	0	16,945	15,283	1,662
Central	50,000	50,000	26,519	23,481
<i>Total Disbursements</i>	9,452,388	9,727,393	7,824,205	1,903,188
<i>Excess of Receipts Under Disbursements</i>	(2,554,819)	(2,016,576)	(113,388)	1,903,188
<b>Other Financing Sources (Uses)</b>				
Advances In	26,188	0	25,908	25,908
Advances Out	0	0	(20,117)	(20,117)
<i>Total Other Financing Sources (Uses)</i>	26,188	0	5,791	5,791
<i>Net Change in Fund Balance</i>	(2,528,631)	(2,016,576)	(107,597)	1,908,979
<i>Fund Balance Beginning of Year</i>	2,469,413	2,469,413	2,469,413	0
Prior Year Encumbrances Appropriated	62,096	62,096	62,096	0
<i>Fund Balance End of Year</i>	\$2,878	\$514,933	\$2,423,912	\$1,908,979

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*IDEIA Part-B Fund*  
*For the Fiscal Year Ended June 30, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$2,085,185	\$1,760,190	\$1,760,190	\$0
<b>Disbursements</b>				
Current:				
Instruction:				
Special	1,974,206	707,090	707,089	1
Support Services:				
Pupil	32,529	303,451	303,451	0
Instructional Staff	69,208	456,876	456,876	0
Administration	34,448	285,828	285,828	0
Fiscal	0	23,512	23,512	0
Pupil Transportation	2,221	1,253	1,253	0
<i>Total Disbursements</i>	<u>2,112,612</u>	<u>1,778,010</u>	<u>1,778,009</u>	<u>1</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(27,427)</u>	<u>(17,820)</u>	<u>(17,819)</u>	<u>1</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	13,410	13,410	0
Advances Out	0	0	(23,018)	(23,018)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>13,410</u>	<u>(9,608)</u>	<u>(23,018)</u>
<i>Net Change in Fund Balance</i>	<u>(27,427)</u>	<u>(4,410)</u>	<u>(27,427)</u>	<u>(23,017)</u>
<i>Fund Balance Beginning of Year</i>	195	195	195	0
Prior Year Encumbrances Appropriated	<u>27,232</u>	<u>27,232</u>	<u>27,232</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$23,017</u>	<u>\$0</u>	<u>(\$23,017)</u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Statement of Fiduciary Assets and Liabilities - Cash Basis*  
*Agency Fund*  
*June 30, 2011*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,694</u>
<b>Liabilities</b>	
Due to Others	<u>\$1,694</u>

See accompanying notes to the basic financial statements

**Ashtabula County Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 1 - Reporting Entity**

In 1963, the Ashtabula County Educational Service Center (the Service Center) was formed. The Service Center supplies special education, supervisory, administrative, fiscal and other needed services to area school districts in Ashtabula County. The Service Center operates under a locally-elected five-member Governing Board form of government and provides educational services as mandated by State or federal agencies to four local and two city school districts. The Board controls the Service Center's staff who provide services to over 14,750 students and other community members in Ashtabula County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading.

***Primary Government***

The primary government of the Service Center consists of all funds, departments, boards, and agencies that are not legally separate from the Service Center. For the Service Center, this includes the agencies and departments that provide the following services: general operations and related special education, supervisory, administrative and fiscal activities of the Service Center.

***Component Units***

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 organization's 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. The Service Center is also financially accountable for any 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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Service Center, are accessible to the Service Center and are significant in amount to the Service Center. The Service Center has no component units.

The Service Center participates in two jointly governed organizations, two insurance purchasing pools and one risk sharing pool. These organizations are the North East Ohio Management Information Network, the Ashtabula County Joint Vocational School District, the Ohio School Plan, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan and the Ashtabula County Schools Council of Governments. These organizations are presented in Notes 14 and 15 to the basic financial statements.

The Service Center's management believes these financial statements present all activities for which the Service Center is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Service Center's accounting policies.

### ***Basis of Presentation***

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

***Government-Wide Financial Statements*** The statement of net assets and the statement of activities display information about the Service Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Service Center that are governmental and those that are considered business-type. The Service Center, however, has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Service Center at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the Service Center's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Service Center's general receipts.

***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. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

### ***Fund Accounting***

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

***Governmental Funds*** The Service Center classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Service Center's only major funds are the general fund and IDEIA Part-B special revenue fund.

**Ashtabula County Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**General Fund** The general fund is used to account and report for all financial resources, except those required to be accounted for and reported 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.

**IDEIA Part-B Fund** The IDEIA Part-B fund accounts for Federal monies restricted to assist schools in the identification of handicapped children, development of procedural safeguards, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

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

**Fiduciary Funds** 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 not available to support the Service Center's own programs. The Service Center has no trust funds. Agency funds are custodial in nature. The Service Center's agency fund accounts for the payment to the School Employees Retirement System.

***Basis of Accounting***

The Service Center's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Service Center's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Service Center are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

***Budgetary Process***

The Service Center adopts a budget for all funds, other than agency funds. The Service Center's Board adopts an annual appropriation resolution which is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the fund level for all funds. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds. The Treasurer reviews the prior year's revenues and factors in the wages expected to be charged for the services offered and the grants anticipated to be received in order to determine the estimated resources for the current year. The estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Service Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts of the estimated resources approved by the Board when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts of the estimated resources that was in effect at the time the final appropriations were passed by the Board.

**Ashtabula County Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

***Cash and Investments***

To improve cash management, cash received by the Service Center is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Service Center records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the Service Center's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Service Center are presented on the financial statements as cash equivalents.

During fiscal year 2011, the Service Center invested in a nonnegotiable certificate of deposit and STAROhio. Nonparticipating investment contracts such as nonnegotiable certificates of deposits are reported at cost.

STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the general fund during fiscal year 2011 was \$16,063, which included \$486 assigned from other Service Center funds.

***Inventory and Prepaid Items***

The Service Center reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

***Interfund Receivables/Payables***

The Service Center reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Service Center's cash basis of accounting.

**Ashtabula County Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***Employer Contributions to Cost-Sharing Pension Plans***

The Service Center recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Long-Term Obligations***

The Service Center's cash basis financial statements do not report liabilities for long-term obligations. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

***Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Service Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for federal and state grants restricted to cash disbursement for specified purposes. The Service Center's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Service Center is bound to observe constraints imposed upon the use of the resources in the governmental funds. 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.

***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 Governing Board. Those committed amounts cannot be used for any other purpose unless the Service Center Governing Board 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 and authorized purchase commitments by the Service Center Governing Board.

**Ashtabula County Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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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.

**Note 3 – Compliance**

Ohio Administrative Code, Section 117-2-03 (B), requires the Service Center to prepare its annual financial report in accordance with generally accepted accounting principles. However, the Service Center prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time.

**Note 4 – Change in Accounting Principles**

For fiscal year 2011, the Service Center has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and GASB Statement No. 59, “Financial Instruments Omnibus”.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds of the Service Center’s financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments by updating and improving existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of this statement did not result in any change in the Service Center’s financial statements.

**Note 5 – Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**Ashtabula County Educational Service Center**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2011

Fund Balances	General	IDEA Part-B	Other Governmental Funds	Total
<i>Restricted for</i>				
Instructional Staff	\$0	\$0	\$26,989	\$26,989
Latchkey	0	0	26,430	26,430
Bus Driver Training	0	0	1,325	1,325
Special Education	0	19,037	0	19,037
Preschool Education	0	0	5,242	5,242
<i>Total Restricted</i>	0	19,037	59,986	79,023
<i>Committed to</i>				
Other Purposes	72,625	0	0	72,625
<i>Assigned to</i>				
Other Purposes	36,425	0	0	36,425
<i>Unassigned</i>	2,423,912	0	0	2,423,912
<i>Total Fund Balances</i>	<u>\$2,532,962</u>	<u>\$19,037</u>	<u>\$59,986</u>	<u>\$2,611,985</u>

**Note 6 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the IDEIA Part-B special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) in the general and IDEIA Part-B special revenue fund were \$109,050 and \$19,037, respectively.

**Note 7 – Deposits and Investments**

Monies held by the Service Center are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Service Center treasury. Active 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 has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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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 passbook accounts.

Interim monies held by the Service Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation 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 any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

### Deposits

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of bank failure, the Service Center will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$1,042,669 of the Service Center's bank balance of \$2,042,669 was uninsured and uncollateralized. A third party custodian holds the collateral in a pool, and the uninsured deposits covered by the pool would not be exposed to custodial credit risk because the collateral is held by the government's agent in the government's name.

The Service Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited

**Ashtabula County Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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either with the Service Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments**

As of June 30, 2010, the Service Center had STAROhio as the only investment with an amount of \$694,701 and a maturity of 58.30 days. The investment is in an internal investment pool.

**Credit Risk** Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Service Center has no investment policy that addresses credit risk.

**Note 8 – State Funding**

The Service Center, under State law, provides supervisory services to local school districts within its territory. Each city, local and exempted village school district that entered into an agreement with the Service Center is considered to be provided supervisory services. The cost of the supervisory services is determined by formula under State law. The State Department of Education apportions the costs for all supervisory services to the local and client school districts based on each school's total student count. The Department of Education deducts each school district's amount from their State foundation program settlements and remits the amount to the Service Center. The Service Center may provide additional supervisory services if the majority of local and client school districts agree to the services and the apportionment of the costs to all of the local and client school districts.

The Service Center also receives funding from the State Department of Education in the amount of \$37 times the average daily membership of the school districts. Average daily membership includes the total student counts of all local school districts within the Service Center's territory and all of the Service Center's client school districts. This amount is paid from State resources. The Department of Education also deducts from the State foundation program settlement of each of the Service Center's local and client school districts an amount equal to \$6.50 times the school district's total student count and remits this amount to the Service Center.

The Service Center may contract with city, exempted village, local, joint vocational or cooperative education school districts to provide special education and related services or career-technical education services. The individual boards of education pay the costs for these services directly to the Service Center.

**Note 9 - Risk Management**

***Property and Liability***

The Service Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the Service Center joined together with other Service Centers in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool to obtain liability coverage. Each individual school district enters into an agreement with the OSP and its premium is based on the types of coverage and

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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limits of coverage, and deductibles that it selects. The Service Center contracted with OSP for general liability with a \$1,000,000 per occurrence and \$3,000,000 aggregate and for errors and omissions with a \$1,000,000 per occurrence and \$3,000,000 aggregate.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

### ***Workers' Compensation***

The Service Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Service Center by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control, assistance with safety programs and actuarial services to the GRP.

### ***Employee Medical Benefits***

The Service Center participates in the Ashtabula County Schools Council of Governments, a risk sharing pool (Note 15) to provide employee medical/surgical, prescription drug, dental and vision benefits. Rates are set through an annual calculation process. The Service Center pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The Service Center's Board pays the entire cost of a monthly premium for all full-time employees.

## **Note 10 - Defined Benefit Pension Plans**

### ***School Employee Retirement System***

**Plan Description** - The Service Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the Service Center is required to contribute at an actuarially determined rate. The current Service Center rate is 14 percent of annual covered payroll. A portion of the Service Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011,

## Ashtabula County Educational Service Center

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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11.81 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Service Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$183,204, \$155,123, and \$110,579 respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

### ***State Teachers Retirement System***

**Plan Description** - The Service Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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** - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The Service Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Service Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$566,337, \$547,947, and \$457,368 respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009. Contributions to the DC and

**Ashtabula County Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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Combined Plans for fiscal year 2011 were \$17,457 made by the School District and \$12,469 made by the plan members.

**Note 11 - Postemployment Benefits**

***School Employee Retirement System***

**Plan Description** – The Service Center participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

**Funding Policy** – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$31,025.

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.

The Service Center's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$38,161, \$29,859, and \$50,606 respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The Service Center's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$11,790, \$9,225, and \$9,124 respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

***State Teachers Retirement System***

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

**Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Service Center’s contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$43,564, \$42,150, and \$35,182 respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

**Note 12 – Contingent Liabilities**

***Grants***

Amounts grantor agencies pay to the Service Center are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

***Litigation***

The Service Center is not party to legal proceedings.

**Note 13 - Interfund Balances**

Interfund Payable	Interfund Receivable
	General
IDEIA Part-B	\$13,410
Bus Driver Training	10,753
Local Grants	5,000
Preschool Grants	3,355
<i>Total All Funds</i>	<u><u>\$32,518</u></u>

Interfund receivables and payables are due to the timing of the receipt of grant monies received by the various funds. The general fund provides temporary funding of the program until the grant dollars are received.

**Note 14 - Jointly Governed Organizations**

***North East Ohio Management Information Network***

The North East Ohio Management Information Network (NEOMIN) is a jointly governed organization amount thirty Service Centers in Trumbull and Ashtabula Counties. The jointly governed organization

## **Ashtabula County Educational Service Center**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Service Centers. Each of the districts supports NEOMIN based upon a per pupil charge. The Service Center paid \$8,000 to NEOMIN during fiscal year 2011.

The Governing Board consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating Service Centers, three superintendents from Trumbull County participating Service Centers, and a principal and treasurer (non-voting members who must be employed by a participating Service Center, the fiscal agent or NEOMIN). The degree of control exercised by a participating Service Center is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

### ***Ashtabula County Joint Vocational School District***

The Ashtabula County Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating School Districts' elected boards. The degree of control exercised by the Service Center is limited to its representation on the Board. The Board is its own budgeting and taxing authority. Financial information can be obtained from Mary Ann Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.

## **Note 15 – Public Entity Risk Pools**

### ***Insurance Purchasing Pools***

***Ohio School Plan*** The Service Center participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of Service Center superintendents and treasurers, as well as the as president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

***Ohio Association of School Business Officials Workers' Compensation Group Rating Plan*** The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool. The Executive Director of the OASBO, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Ashtabula County Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***Risk Sharing Pool***

***Ashtabula County Schools Council of Governments*** The Service Center has contracted with the Ashtabula County Schools Council of Governments to provide employee medical/surgical, prescription drug, dental and vision benefits. The Ashtabula County Schools Council of Governments is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County school districts. Rates are set by the Ashtabula County Schools Council of Governments board of directors. The Service Center pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. Ashtabula County Schools Council of Governments is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council of Governments. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the Service Center. The Service Center is not liable nor receives a cash balance of past claims upon departure from the pool.

ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Special Education Cluster:</i>				
Special Education Grants to States (IDEA, Part B)	2010	84.027	\$77,474	\$78,401
	2011		<u>1,118,601</u>	<u>1,115,734</u>
Sub-Total - CFDA No. 84.027			1,196,075	1,194,135
ARRA - Special Education Grants to States (IDEA, Part B)	2011	84.391	564,117	587,856
Special Education Preschool Grants (IDEA Preschool)	2011	84.173	25,843	25,843
ARRA - Special Education Preschool Grants (IDEA Preschool)	2011	84.392	<u>38,846</u>	<u>37,439</u>
Total - Special Education Cluster			<u>1,824,881</u>	<u>1,845,273</u>
<b>Total US Department of Education</b>			<u><u>\$1,824,881</u></u>	<u><u>\$1,845,273</u></u>

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

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

**NOTE TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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



# Dave Yost • Auditor of State

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

Ashtabula County Educational Service Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44047

To the Governing Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashtabula County Educational Service Center, Ashtabula County, (the Service Center) as of and for the year ended June 30, 2011, which collectively comprise the Service Center's basic financial statements and have issued our report thereon dated October 31, 2011 wherein we noted the Service Center uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted governmental fund balances were restated due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of reasonably assuring whether the Service Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-01.

The Service Center's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Service Center's response and, accordingly, we express no opinion on it.

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



**Dave Yost**  
Auditor of State

October 31, 2011



# Dave Yost • Auditor of State

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

Ashtabula County Educational Service Center  
Ashtabula County  
1565 State Route 167  
Jefferson, Ohio 44041

To the Governing Board:

### Compliance

We have audited the compliance of Ashtabula County Educational Service Center (the Service Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Ashtabula County Educational Service Center's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Service Center's major federal programs. The Service Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Service Center's compliance based on our audit.

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

In our opinion, the Ashtabula County Educational Service Center complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

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

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

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

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



**Dave Yost**  
Auditor of State

October 31, 2011

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list): Special Education Cluster (IDEA)	<b>CFDA Numbers:</b> 84.027 Grants to States, Part B 84.173 Preschool Grants 84.391 Grants to States, Part B ARRA 84.392 Preschool Grants ARRA
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

**FINDING NUMBER 2011-01**

**Noncompliance**

**Annual Financial Report**

Ohio Rev. Code §117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on a form utilized by the public office. Ohio Administrative Code §117-2-03 (B) further clarifies the requirements of the Ohio Revised Code §117.38.

**Ohio Administrative Code §117-2-03 (B)** requires the Service Center to prepare its financial report in accordance with generally accepted accounting principles (GAAP).

The Service Center chose to prepare its financial statements and notes on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than GAAP. The financial statements and notes omit assets, liabilities, fund equities, and disclosures that are material, however, cannot be determined at this time.

We recommend the Service Center prepare its annual financial report in accordance with GAAP.

**Officials' Response**

The Board, Superintendent and Treasurer do not feel it is cost effective and efficient to prepare the conversion and future reporting needs. Therefore, we chose to report under the new standards of Other Comprehensive Basis of Accounting (OCBOA).

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

**NONE**

**ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER  
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2011**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i></b>
2010-01	Ohio Administrative Code § 117-2-03 (B) requires the Service Center to prepare its financial report in accordance with generally accepted accounting principles	No, the Service Center has filed its financial report under the Other Cash Basis of Accounting. Repeated as citation 2011-01.	The Governing Board, Superintendent and Treasurer do not feel it is cost effective and efficient to prepare the conversion and future reporting needs. Therefore, we chose to report under the new standards of Other Comprehensive Basis of Accounting (OCBOA).



# Dave Yost • Auditor of State

ASHTABULA COUNTY EDUCATIONAL SERVICE CENTER

ASHTABULA COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
FEBRUARY 9, 2012

**TAB 5: SUPPORTING DOCUMENTATION**

STATE OF OHIO DEPARTMENT OF EDUCATION  
CENTER FOR SCHOOL OPTIONS AND FINANCE  
Contract Amount for FY2012  
Pursuant to O.R.C.3317.11(B)(2)

County ESC: Ashtabula

County IRN: 045849

District: Buckeye Local

County: Ashtabula

District IRN: 045856

The above named parties have entered into a contract for services for Fiscal Year 2012 in the annual amount of \$1,358,067

We, the undersigned, understand that the above annual amount will be deducted from state foundation payments to the school district and paid to the county educational service center on a bimonthly basis throughout the fiscal year.

Nancy L. Williams  
Print District Superintendent Name

Nancy L. Williams  
District Superintendent Signature

5/9/11  
Date

Sherry Wentworth  
Print District Treasurer Name

Sherry Wentworth  
District Treasure Signature

5/9/11  
Date

John M. Rubesich  
Print ESC Superintendent Name

John M. Rubesich  
ESC Superintendent Signature

5-9-11  
Date

Mary F. Gillespie  
Print ESC Treasurer Name

Mary F. Gillespie  
ESC Treasure Signature

5-9-11  
Date

STATE OF OHIO DEPARTMENT OF EDUCATION  
CENTER FOR SCHOOL OPTIONS AND FINANCE  
Contract Amount for FY2012  
Pursuant to O.R.C.3317.11(B)(2)

County ESC: Ashtabula

County IRN: 045849

District: Conneaut Area City

County: Ashtabula

District IRN: 043810

The above named parties have entered into a contract for services for Fiscal Year 2012 in the annual amount of \$30,810.63

We, the undersigned, understand that the above annual amount will be deducted from state foundation payments to the school district and paid to the county educational service center on a bimonthly basis throughout the fiscal year.

Kent Houston  
Print District Superintendent Name

Kent Houston  
District Superintendent Signature

5-6-11  
Date

Mary F. Gillespie  
Print District Treasurer Name

Mary F. Gillespie  
District Treasurer Signature

5-6-11  
Date

John M. Rubesich  
Print ESC Superintendent Name

John M. Rubesich  
ESC Superintendent Signature

5-6-2011  
Date

Mary F. Gillespie  
Print ESC Treasurer Name

Mary F. Gillespie  
ESC Treasurer Signature

5-6-11  
Date

STATE OF OHIO DEPARTMENT OF EDUCATION  
CENTER FOR SCHOOL OPTIONS AND FINANCE  
Contract Amount for FY2012  
Pursuant to O.R.C.3317.11(B)(2)

County ESC: Ashtabula

County IRN: 045849

District: Grand Valley Local

County: Ashtabula

District IRN: 045864

The above named parties have entered into a contract for services for Fiscal Year 2012 in the annual amount of \$340,654

We, the undersigned, understand that the above annual amount will be deducted from state foundation payments to the school district and paid to the county educational service center on a bimonthly basis throughout the fiscal year.

William Nye  
Print District Superintendent Name

  
District Superintendent Signature

5/9/11  
Date

Lisa Moodt  
Print District Treasurer Name

  
District Treasure Signature

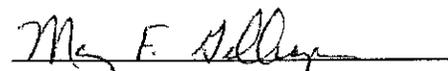
5/9/11  
Date

John M. Rubesich  
Print ESC Superintendent Name

  
ESC Superintendent Signature

5-9-2011  
Date

Mary F. Gillespie  
Print ESC Treasurer Name

  
ESC Treasure Signature

5-9-11  
Date

STATE OF OHIO DEPARTMENT OF EDUCATION  
CENTER FOR SCHOOL OPTIONS AND FINANCE  
Contract Amount for FY2012  
Pursuant to O.R.C.3317.11(B)(2)

County ESC: Ashtabula

County IRN: 045849

District: Jefferson Area Local

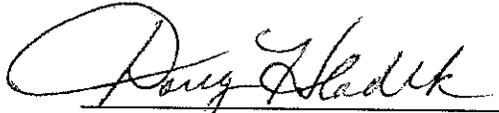
County: Ashtabula

District IRN: 045872

The above named parties have entered into a contract for services for Fiscal Year 2012 in the annual amount of \$285,262

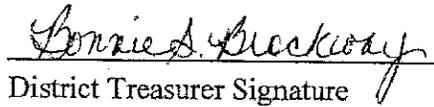
We, the undersigned, understand that the above annual amount will be deducted from state foundation payments to the school district and paid to the county educational service center on a bimonthly basis throughout the fiscal year.

Douglas Hladek  
Print District Superintendent Name

  
District Superintendent Signature

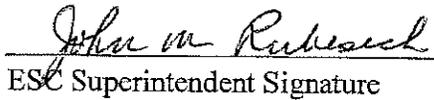
9-30-11  
Date

Bonnie S. Brockway  
Print District Treasurer Name

  
District Treasurer Signature

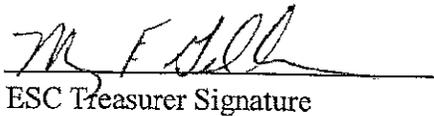
9/30/2011  
Date

John M. Rubesich  
Print ESC Superintendent Name

  
ESC Superintendent Signature

10/6/2011  
Date

Mary F. Gillespie  
Print ESC Treasurer Name

  
ESC Treasurer Signature

10-5-11  
Date

STATE OF OHIO DEPARTMENT OF EDUCATION  
CENTER FOR SCHOOL OPTIONS AND FINANCE  
Contract Amount for FY2012  
Pursuant to O.R.C.3317.11(B)(2)

County ESC: Ashtabula

County IRN: 045849

District: Pymatuning Valley Local

County: Ashtabula

District IRN: 045880

The above named parties have entered into a contract for services for Fiscal Year 2012 in the annual amount of \$359,672

We, the undersigned, understand that the above annual amount will be deducted from state foundation payments to the school district and paid to the county educational service center on a bimonthly basis throughout the fiscal year.

Alex Geordan  
Print District Superintendent Name

  
District Superintendent Signature

5/9/11  
Date

Patricia Smith  
Print District Treasurer Name

  
District Treasure Signature

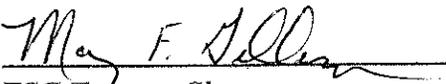
05/09/2011  
Date

John M. Rubesich  
Print ESC Superintendent Name

  
ESC Superintendent Signature

5-9-2011  
Date

Mary F. Gillespie  
Print ESC Treasurer Name

  
ESC Treasure Signature

5-9-11  
Date

# **Ashtabula County Local Education Agencies**

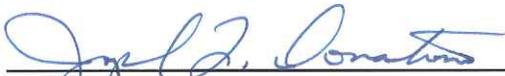
February 16, 2012

Dear Sir or Madam:

The Ashtabula County educational agencies are pleased to write this letter of support for the Ashtabula County Educational Service Center's proposal for the Local Government Innovative Grant for an internship program for the students and businesses in Ashtabula County. This proposal will address the needs to stop the "brain drain" and to "grow our own" future working staff. The ACESC has a long history of collaborating with and advocating for the districts in Ashtabula County. They have been leaders in school reform and school improvement in our county. The ACESC has lead efforts in short cycle assessments, special education services, technology awareness and its use to analyze data and enrich the classroom. They have developed successful consortia for random drug testing for school transportation employees, cooperative purchasing, precertification for a seven county area for bus drivers, entry year/resident educator training, staff development for educators, and other joint ventures. The most recent have been providing occupational and physical therapy services in a cost effective manner to the districts and the creation of a school, upon the districts' request, to serve emotionally disturbed students in county saving the districts thousands of dollars. Additionally, they bring to the region outside staff development presenters to reinforce the initiatives that they implement.

The following LEA's in Ashtabula County strongly support the ACESC's proposal to develop an internship program for the students and businesses in Ashtabula County.

Sincerely,



---

Mr. Joseph Donatone, Superintendent, Ashtabula Area Coty Schools



---

Ms. Anne Zeitler, Superintendent, Ashtabula County Bd of DD

*Nancy Williams*

Ms. Nancy Williams, Superintendent, Buckeye Local Schools

*Kent Houston*

Mr. Kent Houston, Superintendent, Conneaut Area City Schools

*Mary D. Zappitelli*

Ms. Mary Zappitelli, Superintendent, Geneva Area City Schools

*William Nye*

Mr. William Nye, Superintendent, Grand Valley Local Schools

*Doug Hladek*

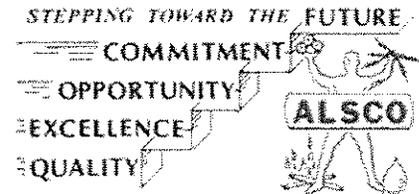
Mr. Douglas Hladek, Superintendent, Jefferson Area Local Schools

*Alex G. Geordan*

Mr. Alex Geordan, Superintendent, Pymatuning Valley Local Schools

# THE A. LOUIS SUPPLY CO.

5610 MAIN AVENUE  
ASHTABULA, OHIO 44004-7200  
PHONE (440) 997-5161 FAX (440) 992-5165



2/22/2012

To whom it may concern:

On behalf of the A. Louis Supply Co., I write to support the "Grow Your Own: Creating, Maintaining, and Keeping a New Workforce Generation in Ashtabula County" proposal submitted by the Ashtabula County Educational Service Center (ACESC) and the Partnership for Education in Ashtabula County (PEAC) in the Local Government Initiative Fund grant process. Funding for this project would enable cooperating public and private sector entities to work collaboratively to develop workers that are able to meet both academic and career requirements.

The initiative is supported by well-documented research and is clearly evident on the state and national agendas for economic growth and recovery.

Over the course of the last year, public, private, and government sectors across Ashtabula County have been coming together to determine a plan for improving economic growth and the retention of our young talent in an effective and efficient manner. Internships are one focused part of the strategic plan developed by Ashtabula County's Economic Steering Committee. Thus this proposal is aligned to the goals, strategies, and outcomes of the strategic plan.

The A. Louis Supply Co. is pleased to support the ACESC and PEAC in this county-wide, collaborative effort and we thank you for your consideration of this request.

Sincerely,

G. R. Coblitz, President

MEMBER



Your First Source

**I·D·A**

The Industrial Distribution Association

INDUSTRIAL, ELECTRICAL, PIPE, VALVES & FITTINGS, TOOLS, PHAC,  
MISCELLANEOUS MILL SUPPLIES AND UNDERGROUND UTILITIES

SYSTEMS PURCHASING • INVENTORY ANALYSIS  
COMPUTERIZED SERVICES • CUSTOMER ON-LINE ACCESS



Extruders of Custom Lathe Cut Washers and Gaskets

JOSEPH A. MISINEC/Vice President  
E-mail: jmisinec@grrp.com  
www.grandriverrubber.com

**A 100% Employee Owned Company**

February 22, 2012

To Whom It May Concern:

On behalf of Grand River Rubber & Plastics Co., I write to support **the “Grow Your Own: Creating, Maintaining, and Keeping a New Workforce Generation in Ashtabula County”** proposal submitted by the Ashtabula County Educational Service Center (ACESC) and the Partnership for Education in Ashtabula County (PEAC) in the Local Government Initiative Fund grant process. Funding for this project would enable cooperating public and private sector entities to work collaboratively to develop workers that are able to meet both academic and career requirements.

The initiative is supported by well-documented research and is clearly evident on the state and national agendas for economic growth and recovery.

Over the course of the last year, public, private, and government sectors across Ashtabula County have determined a strategic plan for improving economic growth in an efficient and effective manner. Internships are one of the focus points of the strategic plan developed by Ashtabula County’s Economic Steering Committee. Thus, this proposal is aligned to the goals, strategies and outcomes of the strategic plan.

Grand River Rubber & Plastics Co. is pleased to support the ACESC and PLEAC in this county-wide, collaborative effort and we thank you for your consideration of this request.

Sincerely,

Joe Misinec  
Executive Vice President  
Grand River Rubber & Plastics Co.

February 27, 2012

To Whom It May Concern:

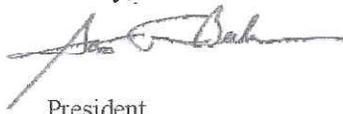
On behalf of the Civic Development, Inc., I write to support **the “Grow Your Own: Creating, Maintaining, and Keeping a New Workforce Generation in Ashtabula County”** proposal submitted by the Ashtabula County Educational Service Center (ACESC) and the Partnership for Education in Ashtabula County (PEAC) in the Local Government Initiative Fund grant process. Funding for this project would enable cooperating public and private sector entities to work collaboratively to develop workers that are able to meet both academic and career requirements.

The initiative is supported by well-documented research and is clearly evident on the state and national agendas for economic growth and recovery.

Over the course of the last year, public, private, and government sectors across Ashtabula County have been coming together to determine a plan for improving economic growth in an efficient and effective manner. Internships are one focused part of the strategic plan developed by Ashtabula County’s Economic Steering Committee. Thus, this proposal is aligned to the goals, strategies and outcomes of the strategic plan.

Civic Development Inc. is pleased to support the ACESC and PEAC in this county-wide, collaborative effort and we thank you for your consideration of this request.

Sincerely,



President

Scott T. Becker  
Civic Development Corporation of Ashtabula County

Celebrating 50 years of working for Ashtabula's quality of life!  
civicdevelopmentcorp.org

cdc@suite224.net

P.O. Box 131, Ashtabula, OH 44005-0131 (440) 992-2336



February 27, 2012

To Whom It May Concern:

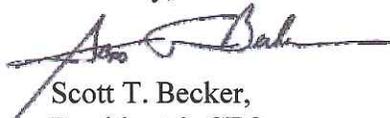
On behalf of Plasticolors, Inc., I write to support the “Grow Your Own: Creating, Maintaining, and Keeping a New Workforce Generation in Ashtabula County” proposal submitted by the Ashtabula County Educational Service Center (ACESC) and the Partnership for Education in Ashtabula County (PEAC) in the Local Government Initiative Fund grant process. Funding for this project would enable cooperating public and private sector entities to work collaboratively to develop workers that are able to meet both academic and career requirements.

The initiative is supported by well-documented research and is clearly evident on the state and national agendas for economic growth and recovery.

Over the course of the last year, public, private, and government sectors across Ashtabula County have been coming together to determine a plan for improving economic growth in an efficient and effective manner. Internships are one focused part of the strategic plan developed by Ashtabula County’s Economic Steering Committee. Thus, this proposal is aligned to the goals, strategies and outcomes of the strategic plan.

Plasticolors, Inc. is pleased to support the ACESC and PEAC in this county-wide, collaborative effort and we thank you for your consideration of this request.

Sincerely,

  
Scott T. Becker,  
President & CEO

---

**Plasticolors, Inc.**

2600 Michigan Ave  
P O Box 816  
Ashtabula, Ohio 44005-0816

Phone: 440-997-5137  
Fax: 440-992-3613  
Order Service: 800-776-3329

[www.plasticolors.com](http://www.plasticolors.com)



# Ohio County Profiles

Prepared by the Office of Policy, Research and Strategic Planning

## Ashtabula County

**Established:** Act - June 7, 1807  
**2010 Population:** 101,497  
**Land Area:** 702.7 square miles  
**County Seat:** Jefferson Village  
**Named for:** Native American word meaning "river of many fish"



### Taxes

Taxable value of real property	\$1,766,411,270
Residential	\$1,148,721,640
Agriculture	\$292,891,720
Industrial	\$79,701,890
Commercial	\$241,934,880
Mineral	\$3,161,140
Ohio income tax liability	\$43,758,008
Average per return	\$987.97

### Land Use/Land Cover

	Percent
Urban (Residential/Commercial/Industrial/Transportation and Urban Grasses)	6.86%
Cropland	31.59%
Pasture	4.30%
Forest	38.54%
Open Water	1.68%
Wetlands (Wooded/Herbaceous)	17.00%
Bare/Mines	0.02%

### Largest Places

	Census 2010	Census 2000
Ashtabula city	19,124	20,962
Conneaut city	12,841	12,485
Geneva city	6,215	6,595
Jefferson village	3,120	3,572
North Kingsville village	2,923	2,658
Orwell village	1,660	1,519
Roaming Shores village	1,508	1,239
Geneva-on-the-Lake village	1,288	1,545
Andover village	1,145	1,269
Rock Creek village	529	584

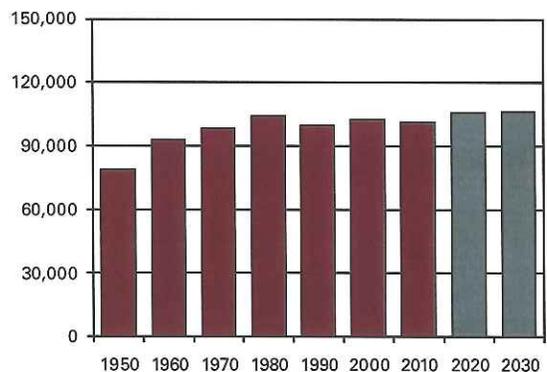
### Total Population

#### Census

1800	1880	37,139	1950	78,695
1810	1890	43,655	1960	93,067
1820	1900	51,448	1970	98,237
1830	1910	59,547	1980	104,215
1840	1920	65,545	1990	99,821
1850	1930	68,361	2000	102,728
1860	1940	68,674	2010	101,497
1870				

#### Projected

2020	106,090
2030	106,420



Population by Race	Number	Percent
ACS Total Population	101,375	100.0%
White	95,148	93.9%
African-American	3,160	3.1%
Native American	233	0.2%
Asian	245	0.2%
Pacific Islander	8	0.0%
Other	781	0.8%
Two or More Races	1,800	1.8%
Hispanic (may be of any race)	3,237	3.2%
<b>Total Minority</b>	<b>8,545</b>	<b>8.4%</b>

Educational Attainment	Number	Percent
Persons 25 years and over	69,078	100.0%
No high school diploma	11,221	16.2%
High school graduate	31,329	45.4%
Some college, no degree	13,399	19.4%
Associate degree	4,163	6.0%
Bachelor's degree	5,949	8.6%
Master's degree or higher	3,017	4.4%

Family Type by Employment Status	Number	Percent
Total Families	26,655	100.0%
Married couple, husband and wife in labor force	10,301	38.6%
Married couple, husband in labor force, wife not	4,240	15.9%
Married couple, wife in labor force, husband not	1,960	7.4%
Married couple, husband and wife not in labor force	3,757	14.1%
Male householder, in labor force	1,341	5.0%
Male householder, not in labor force	581	2.2%
Female householder, in labor force	3,104	11.6%
Female householder, not in labor force	1,371	5.1%

Household Income	Number	Percent
Total Households	39,039	100.0%
Less than \$10,000	3,504	9.0%
\$10,000 to \$19,999	5,338	13.7%
\$20,000 to \$29,999	5,525	14.2%
\$30,000 to \$39,999	4,573	11.7%
\$40,000 to \$49,999	4,325	11.1%
\$50,000 to \$59,999	3,423	8.8%
\$60,000 to \$74,999	4,575	11.7%
\$75,000 to \$99,999	3,963	10.2%
\$100,000 to \$149,999	2,882	7.4%
\$150,000 to \$199,999	613	1.6%
\$200,000 or more	318	0.8%
<b>Median household income</b>	<b>\$41,498</b>	

Percentages may not sum to 100% due to rounding.

Population by Age	Number	Percent
ACS Total Population	101,375	100.0%
Under 5 years	6,188	6.1%
5 to 17 years	18,194	17.9%
18 to 24 years	7,915	7.8%
25 to 44 years	25,350	25.0%
45 to 64 years	28,679	28.3%
65 years and more	15,049	14.8%
<b>Median Age</b>	<b>40.3</b>	

Family Type by Presence of Own Children Under 18	Number	Percent
Total Families	26,655	100.0%
Married-couple families with own children	7,960	29.9%
Male householder, no wife present, with own children	1,035	3.9%
Female householder, no husband present, with own children	2,468	9.3%
Families with no own children	15,192	57.0%

Poverty Status of Families By Family Type by Presence Of Related Children	Number	Percent
Total Families	26,655	100.0%
Family income above poverty level	23,544	88.3%
Family income below poverty level	3,111	11.7%
Married couple, with related children	856	27.5%
Male householder, no wife present, with related children	324	10.4%
Female householder, no husband present, with related children	1,191	38.3%
Families with no related children	740	23.8%

Ratio of Income To Poverty Level	Number	Percent
Population for whom poverty status is determined	98,021	100.0%
Below 50% of poverty level	7,674	7.8%
50% to 99% of poverty level	8,114	8.3%
100% to 149% of poverty level	11,530	11.8%
150% to 199% of poverty level	11,857	12.1%
200% of poverty level or more	58,846	60.0%

Geographical Mobility	Number	Percent
Population aged 1 year and older	100,518	100.0%
Same house as previous year	85,592	85.2%
Different house, same county	9,619	9.6%
Different county, same state	3,001	3.0%
Different state	2,085	2.1%
Abroad	221	0.2%

## Travel Time To Work

	Number	Percent
Workers 16 years and over	41,564	100.0%
Less than 15 minutes	15,020	36.1%
15 to 29 minutes	12,724	30.6%
30 to 44 minutes	6,555	15.8%
45 to 59 minutes	3,361	8.1%
60 minutes or more	3,904	9.4%
<b>Mean travel time</b>	<b>25.1 minutes</b>	

## Housing Units

	Number	Percent
Total housing units	45,727	100.0%
Occupied housing units	39,039	85.4%
Owner occupied	28,257	72.4%
Renter occupied	10,782	27.6%
Vacant housing units	6,688	14.6%

## Year Structure Built

	Number	Percent
Total housing units	45,727	100.0%
Built 2005 or later	528	1.2%
Built 2000 to 2004	2,552	5.6%
Built 1990 to 1999	5,013	11.0%
Built 1980 to 1989	2,668	5.8%
Built 1970 to 1979	6,775	14.8%
Built 1960 to 1969	4,105	9.0%
Built 1950 to 1959	6,177	13.5%
Built 1940 to 1949	3,135	6.9%
Built 1939 or earlier	14,774	32.3%
<b>Median year built</b>	<b>1958</b>	

## Value for Specified Owner-Occupied Housing Units

	Number	Percent
Specified owner-occupied housing units	28,257	100.0%
Less than \$20,000	1,348	4.8%
\$20,000 to \$39,999	949	3.4%
\$40,000 to \$59,999	1,600	5.7%
\$60,000 to \$79,999	3,122	11.0%
\$80,000 to \$99,999	4,159	14.7%
\$100,000 to \$124,999	4,104	14.5%
\$125,000 to \$149,999	3,661	13.0%
\$150,000 to \$199,999	4,983	17.6%
\$200,000 to \$299,999	3,018	10.7%
\$300,000 to \$499,999	1,060	3.8%
\$500,000 to \$999,999	189	0.7%
\$1,000,000 or more	64	0.2%
<b>Median value</b>	<b>\$118,000</b>	

## House Heating Fuel

	Number	Percent
Occupied housing units	39,039	100.0%
Utility gas	24,049	61.6%
Bottled, tank or LP gas	2,483	6.4%
Electricity	6,282	16.1%
Fuel oil, kerosene, etc	3,606	9.2%
Coal, coke or wood	1,934	5.0%
Solar energy or other fuel	595	1.5%
No fuel used	90	0.2%

Percentages may not sum to 100% due to rounding.

## Gross Rent

	Number	Percent
Specified renter-occupied housing units	10,782	100.0%
Less than \$100	41	0.4%
\$100 to \$199	480	4.5%
\$200 to \$299	417	3.9%
\$300 to \$399	653	6.1%
\$400 to \$499	1,694	15.7%
\$500 to \$599	1,748	16.2%
\$600 to \$699	1,571	14.6%
\$700 to \$799	1,354	12.6%
\$800 to \$899	671	6.2%
\$900 to \$999	579	5.4%
\$1,000 to \$1,499	647	6.0%
\$1,500 or more	40	0.4%
No cash rent	887	8.2%
<b>Median gross rent</b>	<b>\$596</b>	
Median gross rent as a percentage of household income	29.6	

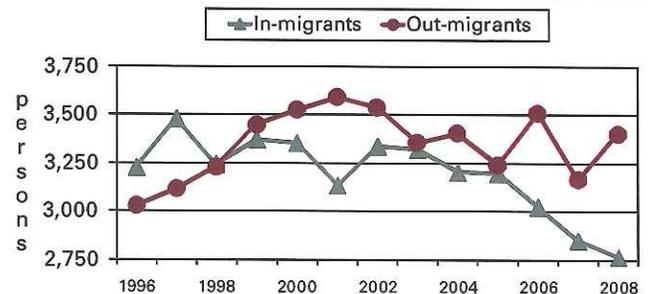
## Selected Monthly Owner Costs for Specified Owner-Occupied Housing Units

	Number	Percent
Specified owner-occupied housing units with a mortgage	18,061	100.0%
Less than \$400	300	1.7%
\$400 to \$599	925	5.1%
\$600 to \$799	2,422	13.4%
\$800 to \$999	3,766	20.9%
\$1,000 to \$1,249	3,427	19.0%
\$1,250 to \$1,499	2,739	15.2%
\$1,500 to \$1,999	3,018	16.7%
\$2,000 to \$2,999	1,260	7.0%
\$3,000 or more	204	1.1%
<b>Median monthly owners cost</b>	<b>\$1,118</b>	
Median monthly owners cost as a percentage of household income	24.1	

## Vital Statistics

	Number	Rate
Births / rate per 1,000 women aged 15 to 44	1,204	62.8
Teen births / rate per 1,000 females 15-19	160	49.6
Deaths / rate per 100,000 population	1,100	1,087.6
Marriages / rate per 1,000 population	278	2.7
Divorces / rate per 1,000 population	370	3.6

## Migration



## Agriculture

Land in farms (acres)	159,000
Number of farms	1,090
Average size (acres)	146
Total cash receipts	\$68,552,000
Per farm	\$62,892

## Education

Public schools	36
Students (Average Daily Membership)	16,242
Expenditures per student	\$9,045
Student-teacher ratio	18.8
Graduation rate	89.5
Teachers (Full Time Equivalent)	928.8
Non-public schools	4
Students	412
4-year public universities	0
Branches	1
2-year public colleges	0
Private universities and colleges	0
Public libraries (Main / Branches)	8 / 1

## Transportation

Registered motor vehicles	113,382
Passenger cars	71,082
Noncommercial trucks	21,342
Total license revenue	\$2,853,931.21
Interstate highway miles	28.69
Turnpike miles	0.00
U.S. highway miles	85.58
State highway miles	250.06
County, township, and municipal road miles	1,318.16
Commercial airports	3

## Voting

Number of precincts	127
Number of registered voters	65,801
Voted in 2010 election	30,902
Percent turnout	47.0%

## Health Care

Physicians (MDs & DOs)	67
Registered hospitals	3
Number of beds	299
Licensed nursing homes	19
Number of beds	1,809
Licensed residential care	4
Number of beds	271
Adults with employer-based insurance	64.1%
Children with employer-based insurance	58.6%

## State Parks, Forests, Nature Preserves, And Wildlife Areas

Areas/Facilities	11
Acreage	8,126.76

## Communications

Television stations	0
Radio stations	7
Daily newspapers	1
Circulation	16,400

## Crime

Total crimes reported in Uniform Crime Report	512
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## Finance

FDIC insured financial institutions (HOs)	2
Assets (000)	\$371,294
Branch offices	35
Institutions represented	9

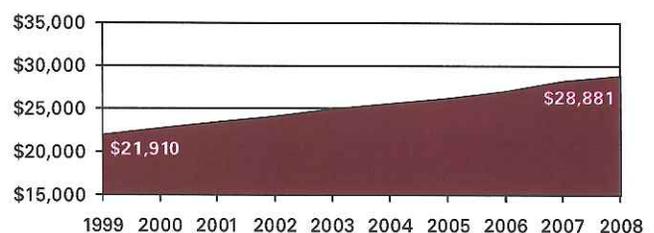
## Transfer Payments

Total transfer payments	\$783,840,000
Payments to individuals	\$766,838,000
Retirement and disability	\$281,454,000
Medical payments	\$355,629,000
Income maintenance (Supplemental SSI, family assistance, food stamps, etc)	\$69,988,000
Unemployment benefits	\$19,423,000
Veterans benefits	\$13,746,000
Federal education and training assistance	\$15,394,000
Other payments to individuals	\$11,204,000
Total personal income	\$2,916,210,000
Dependency ratio	26.9%

## Federal Expenditures

Direct expenditures or obligations	\$689,231,894
Retirement and disability	\$315,141,658
Other direct payments	\$219,222,989
Grant awards	\$106,346,606
Highway planning and construction	\$17,120,085
Temporary assistance to needy families	\$6,586,964
Medical assistance program	\$58,616,230
Procurement contract awards	\$26,248,859
Dept. of Defense	\$21,507,033
Salary and wages	\$22,271,782
Dept. of Defense	\$3,092,000
Other federal assistance	\$94,705,047
Direct loans	\$4,293,791
Guaranteed loans	\$58,854,842
Insurance	\$31,556,414

## Per Capita Personal Income



**Civilian Labor Force**

	2005	2006	2007	2008	2009
Civilian labor force	50,400	49,800	49,600	49,100	49,100
Employed	46,800	46,500	46,100	45,200	42,600
Unemployed	3,600	3,300	3,400	3,900	6,500
Unemployment rate	7.1	6.6	6.9	8.0	13.3

**Establishments, Employment, and Wages by Sector: 2008**

Industrial Sector	Number of Establishments	Average Employment	Total Wages	Average Weekly Wage
Private Sector	2,059	26,461	\$803,868,548	\$584
Goods-Producing	410	8,611	\$355,167,729	\$793
Natural Resources and Mining	23	148	\$4,192,420	\$545
Construction	211	907	\$32,726,546	\$694
Manufacturing	177	7,556	\$318,248,763	\$810
Service-Providing	1,648	17,850	\$448,700,819	\$483
Trade, Transportation and Utilities	529	5,770	\$155,280,703	\$518
Information	24	395	\$13,244,678	\$645
Financial Services	185	827	\$26,902,051	\$625
Professional and Business Services	220	1,445	\$41,499,749	\$552
Education and Health Services	233	5,625	\$165,735,619	\$567
Leisure and Hospitality	254	2,918	\$32,079,486	\$211
Other Services	203	868	\$13,934,236	\$309
Federal Government		229	\$11,316,128	\$949
State Government		315	\$13,010,792	\$795
Local Government		4,647	\$157,804,626	\$653

Private Sector total includes Unclassified establishments not shown.

**Change Since 2003**

Private Sector	-5.3%	-5.2%	10.9%	17.0%
Goods-Producing	-12.2%	-14.1%	-0.6%	15.8%
Natural Resources and Mining	0.0%	0.0%	36.6%	36.9%
Construction	-16.9%	-20.9%	-8.5%	15.7%
Manufacturing	-6.8%	-13.5%	0.0%	15.5%
Service-Producing	-3.5%	-0.2%	22.0%	22.3%
Trade, Transportation and Utilities	-7.0%	2.9%	23.3%	19.9%
Information	-4.0%	-17.5%	0.0%	21.2%
Financial Services	4.5%	-22.6%	-6.9%	20.2%
Professional and Business Services	-8.3%	-10.0%	19.6%	32.7%
Education and Health Services	6.4%	14.0%	36.0%	19.4%
Leisure and Hospitality	-1.2%	-10.1%	5.9%	17.9%
Other Services	-7.3%	-8.1%	10.5%	20.2%
Federal Government		-7.7%	8.4%	17.0%
State Government		15.4%	24.5%	8.0%
Local Government		-5.1%	7.0%	12.8%

**Business Numbers**

	2004	2005	2006	2007	2008
Business starts	185	174	172	132	142
Active businesses	2,067	2,065	2,002	1,881	1,859

**Residential Construction**

	2005	2006	2007	2008	2009
Total units	214	227	135	117	66
Total valuation (000)	\$33,157	\$35,211	\$20,365	\$16,519	\$11,646
Total single-unit bldgs	214	227	135	96	66
Average cost per unit	\$154,939	\$155,114	\$150,850	\$150,197	\$176,462
Total multi-unit bldg units	0	0	0	21	0
Average cost per unit	\$0	\$0	\$0	\$100,000	\$0

**Major Employers**

Ashtabula Area City Schools	Govt
Ashtabula County Govt	Govt
Ashtabula County Medical Center	Serv
Brown Memorial Hospital	Serv
Cascade Ohio Inc	Mfg
Kennametal Inc	Mfg
Masco/KraftMaid Cabinetry	Mfg
Molded Fiber Glass Companies	Mfg
Premix Inc	Mfg

## Ashtabula County, Ohio

People QuickFacts	Ashtabula County	Ohio
Population, 2011 estimate	NA	11,544,951
Population, 2010	101,497	11,536,504
Population, percent change, 2000 to 2010	-1.2%	1.6%
Population, 2000	102,728	11,353,140
Persons under 5 years, percent, 2010	6.2%	6.2%
Persons under 18 years, percent, 2010	23.7%	23.7%
Persons 65 years and over, percent, 2010	15.6%	14.1%
Female persons, percent, 2010	50.1%	51.2%
White persons, percent, 2010 (a)	92.7%	82.7%
Black persons, percent, 2010 (a)	3.5%	12.2%
American Indian and Alaska Native persons, percent, 2010 (a)	0.2%	0.2%
Asian persons, percent, 2010 (a)	0.4%	1.7%
Native Hawaiian and Other Pacific Islander, percent, 2010 (a)	Z	Z
Persons reporting two or more races, percent, 2010	2.1%	2.1%
Persons of Hispanic or Latino origin, percent, 2010 (b)	3.4%	3.1%
White persons not Hispanic, percent, 2010	90.8%	81.1%
Living in same house 1 year & over, 2006-2010	85.3%	85.0%
Foreign born persons, percent, 2006-2010	1.6%	3.8%
Language other than English spoken at home, pct age 5+, 2006-2010	4.9%	6.3%
High school graduates, percent of persons age 25+, 2006-2010	84.2%	87.4%
Bachelor's degree or higher, pct of persons age 25+, 2006-2010	12.9%	24.1%
Veterans, 2006-2010	10,272	936,383
Mean travel time to work (minutes), workers age 16+, 2006-2010	24.8	22.7
Housing units, 2010	46,099	5,127,508
Homeownership rate, 2006-2010	72.8%	69.2%
Housing units in multi-unit structures, percent, 2006-2010	15.1%	23.0%
Median value of owner-occupied housing units, 2006-2010	\$118,500	\$136,400
Households, 2006-2010	38,911	4,552,270
Persons per household, 2006-2010	2.54	2.46

Per capita money income in past 12 months (2010 dollars) 2006-2010	\$19,898	\$25,113
Median household income 2006-2010	\$42,139	\$47,358
Persons below poverty level, percent, 2006-2010	15.7%	14.2%

<b>Business QuickFacts</b>	<b>Ashtabula County</b>	<b>Ohio</b>
Private nonfarm establishments, 2009	2,033	256,551 <sup>1</sup>
Private nonfarm employment, 2009	24,629	4,460,553 <sup>1</sup>
Private nonfarm employment, percent change 2000-2009	-19.5%	-10.8% <sup>1</sup>
Nonemployer establishments, 2009	6,187	697,000
Total number of firms, 2007	8,375	897,939
Black-owned firms, percent, 2007	S	5.8%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.3%
Asian-owned firms, percent, 2007	1.2%	2.0%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	S
Hispanic-owned firms, percent, 2007	F	1.1%
Women-owned firms, percent, 2007	24.3%	27.7%
Manufacturers shipments, 2007 (\$1000)	2,201,426	295,890,890
Merchant wholesaler sales, 2007 (\$1000)	D	135,575,279
Retail sales, 2007 (\$1000)	1,077,599	138,816,008
Retail sales per capita, 2007	\$10,627	\$12,049
Accommodation and food services sales, 2007 (\$1000)	110,649	17,779,905
Building permits, 2010	81	13,710
Federal spending, 2009	767,955	105,173,413 <sup>1</sup>
<b>Geography QuickFacts</b>	<b>Ashtabula County</b>	<b>Ohio</b>
Land area in square miles, 2010	701.93	40,860.69
Persons per square mile, 2010	144.6	282.3
FIPS Code	007	39
Metropolitan or Micropolitan Statistical Area	Ashtabula, OH Micro Area	

1: Includes data not distributed by county.

Population estimates for counties will be available in April, 2012 and for cities in June, 2012.

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information

F: Fewer than 100 firms

FN: Footnote on this item for this area in place of data

NA: Not available

S: Suppressed; does not meet publication standards

X: Not applicable

Z: Value greater than zero but less than half unit of measure shown

# Local Government Innovation Fund Program

## *Application Scoring*

<b>Lead Applicant</b>	Ashtabula County Educational Service Center
<b>Project Name</b>	Grow y our Own: Creating, Maintaining, and Keeping a Nev 

<input checked="" type="checkbox"/>	<b>Grant Application</b>
-------------------------------------	--------------------------

or

<input type="checkbox"/>	<b>Loan Application</b>
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The Local Government Innovation Fund Council  
77 South High Street  
P.O. Box 1001  
Columbus, Ohio 43216-1001  
(614) 995-2292

## Local Government Innovation Fund Project Scoring Sheet

### Section 1: Financing Measures

Financing Measures	Description	Criteria	Max Points	Applicant Self Score	Validated Score
<b>Financial Information</b>	<i>Applicant includes financial information (i.e., service related operating budgets) for the most recent three years and the three year period following the project. The financial information must be directly related to the scope of the project and will be used as the cost basis for determining any savings resulting from the project.</i>	Applicant provides a thorough, detailed and complete financial information	5	<input checked="" type="radio"/>	
		Applicant provided more than minimum requirements but did not provide additional justification or support	3	<input type="radio"/>	
		Applicant provided minimal financial information	1	<input type="radio"/>	
		<b>Points</b>	5	0	
<b>Repayment Structure (Loan Only)</b>	<i>Applicant demonstrates a viable repayment source to support loan award. Secondary source can be in the form of a debt reserve, bank participation, a guarantee from a local entity, or other collateral (i.e., emergency rainy day , or contingency fund, etc.).</i>	Applicant clearly demonstrates a secondary repayment source.	5	<input type="radio"/>	
		Applicant does not have a secondary repayment source.	0	<input type="radio"/>	
		<b>Points</b>	0	0	
<b>Local Match</b>	<i>Percentage of local matching funds being contributed to the project. This may include in-kind contributions.</i>	70% or greater	5	<input type="radio"/>	
		40-69.99%	3	<input type="radio"/>	
		10-39.99%	1	<input checked="" type="radio"/>	
		<b>Points</b>	1	0	
<b>Total Section Points</b>				6	0

### Section 2: Collaborative Measures

Collaborative Measures	Description	Criteria	Max Points	Applicant Self Score	Validated Score
<b>Population</b>	<i>Applicant's population (or the population of the area(s) served) falls within one of the listed categories as determined by the U.S. Census Bureau. Population scoring will be determined by the smallest population listed in the application. Applications from (or collaborating with) small communities are preferred.</i>	Applicant (or collaborative partner) is not a county and has a population of less than 20,000 residents	5	<input checked="" type="radio"/>	
		Applicant (or collaborative partner) is a county but has less than 235,000	5	<input type="radio"/>	
		Applicant (or collaborative partner) is not a county but has a population 20,001 or greater.	3	<input type="radio"/>	
		Applicant (or collaborative partner) is a county with a population of 235,001 residents or more	3	<input type="radio"/>	
		<b>Points</b>	5	0	
<b>Participating Entities</b>	<i>Applicant has executed partnership agreements outlining all collaborative partners and participation agreements and has resolutions of support. (Note: Sole applicants only need to provide a resolution of support from its governing entity.)</i>	More than one applicant	5	<input checked="" type="radio"/>	
		Single applicant	1	<input type="radio"/>	
		<b>Points</b>	5	0	
<b>Total Section Points</b>				10	0

## Local Government Innovation Fund Project Scoring Sheet

### Section 3: Success Measures

Success Measures	Description	Criteria	Points	Applicant Self Score	Validated Score
<b>Expected Return</b>	<i>Applicant demonstrates as a percentage of savings (i.e., actual savings, increased revenue, or cost avoidance ) an expected return. The return must be derived from the applicant's cost basis. The expected return is ranked in one of the following percentage categories:</i>	75% or greater	30	<input checked="" type="radio"/>	
		25.01% to 74.99%	20	<input type="radio"/>	
		Less than 25%	10	<input type="radio"/>	
		<b>Points</b>	30	0	
<b>Past Success</b>	<i>Applicant has successfully implemented, or is following project guidance from a shared services model, for an efficiency, shared service, coproduction or merger project in the past.</i>	Yes	5	<input checked="" type="radio"/>	
		No	0	<input type="radio"/>	
		<b>Points</b>	5	0	
<b>Scalable/Replicable Proposal</b>	<i>Applicant's proposal can be replicated by other local governments or scaled for the inclusion of other local governments.</i>	The project is both scalable and replicable	10	<input checked="" type="radio"/>	
		The project is either scalable or replicable	5	<input type="radio"/>	
		Does not apply	0	<input type="radio"/>	
		<b>Points</b>	10	0	
<b>Probability of Success</b>	<i>Applicant provides a documented need for the project and clearly outlines the likelihood of the need being met.</i>	Provided	5	<input checked="" type="radio"/>	
		Not Provided	0	<input type="radio"/>	
		<b>Points</b>	5	0	
<b>Total Section Points</b>				50	0

### Section 4: Significance Measures

Significance Measures	Description	Criteria	Points Assigned	Applicant Self Score	Validated Score
<b>Performance Audit Implementation /Cost Benchmarking</b>	<i>The project implements a single recommendation from a performance audit provided by the Auditor of State under Chapter 117 of the Ohio Revised Code or is informed by cost benchmarking.</i>	Project implements a recommendation from an audit or is informed by benchmarking	5	<input checked="" type="radio"/>	
		Project does not implement a recommendation from an audit and is not informed by benchmarking	0	<input type="radio"/>	
		<b>Points</b>	5	0	
<b>Economic Impact</b>	<i>Applicant demonstrates the project will a promote business environment (i.e., demonstrates a business relationship resulting from the project) and will provide for community attraction (i.e., cost avoidance with respect to taxes)</i>	Applicant clearly demonstrates economic impact	5	<input checked="" type="radio"/>	
		Applicant mentions but does not prove economic impact	3	<input type="radio"/>	
		Applicant does not demonstrate an economic impact	0	<input type="radio"/>	
		<b>Points</b>	5	0	
<b>Response to Economic Demand</b>	<i>The project responds to current substantial changes in economic demand for local or regional government services.</i>	Yes	5	<input checked="" type="radio"/>	
		No	0	<input type="radio"/>	
		<b>Points</b>	5	0	
<b>Total Section Points</b>				15	0

Section 5: Council Measures			
Council Measures	Description	Criteria	Points Assigned
Council Preference	Council Ranking for Competitive Rounds	<b>The Applicant Does Not Fill Out This Section;</b> This is for the Local Government Innovation Fund Council only. The points for this section is based on the applicant demonstrating innovation or inventiveness with the project	
<b>Total Section Points (10max)</b>			

Scoring Summary		
	Applicant Self Score	Validated Score
<b>Section 1: Financing Measures</b>	6	0
<b>Section 2: Collaborative Measures</b>	10	0
<b>Section 3: Success Measures</b>	50	0
<b>Section 4: Significance Measures</b>	15	0
<b>Total Base Points:</b>	<b>81</b>	<b>0</b>

Reviewer Comments



April 2, 2012

John Rubesich  
Ashtabula County Educational Service Center  
4200 State Road  
Ashtabula, Ohio 44004

RE: Application Cure Letter

Dear John Rubesich:

The Ohio Department of Development (Development) has received and is currently reviewing your application for Round 1 of Local Government Innovation Fund program. During this review Development has determined that additional information is needed for your application. The identified item(s) requiring your attention are listed on the attached page(s). Please respond only to the issues raised. Failure to fully address all the identified items could lead to a competitive score reduction or ineligibility for Round 1 of the Local Government Innovation Fund program. **A written response from the applicant to this completeness review is due to Development no later than 5:00 p.m. on April 30, 2012.** Please send the response in a single email to [lgif@development.ohio.gov](mailto:lgif@development.ohio.gov) and include "Cure—Project Name" in the subject line.

While this cure letter represents the additional information needed for Development review, the Local Government Innovation Council continues to reserve the right to request additional information about your application.

Thank you once again for your participation in Local Government Innovation program. Please contact the Office of Redevelopment at [lgif@development.ohio.gov](mailto:lgif@development.ohio.gov) or 614-995-2292 if you have further questions regarding your application or the information requested in this letter.

Sincerely,

Thea J. Walsh, AICP  
Deputy Chief, Office of Redevelopment  
Ohio Department of Development

## Local Government Innovation Fund Completeness Review

**Applicant:** Ashtabula County Educational Service Center  
**Project Name:** Grow Your Own: Creating, Maintaining, and Keeping a New Workforce  
**Request Type:** Grant

### Issues for Response

#### 1. Funding Uses

The use(s) of funds, as listed, are ineligible for grant funding under program guidelines. LGIF grant funding may only be used for soft costs such as feasibility studies, process implementation, cost benchmarking, planning or a management investigation targeting service (or services) provided (or to be provided) by the applicant(s). Hard costs, such as demonstration projects, that implement recommendation(s) of a feasibility study or a performance audit or identify the project using a specific approach for a more efficient alternative are eligible for loan funding.

Please revise the uses of funds according to the program guidelines. If your project is an eligible loan project and you applied for grant funding, you may update your project budget and program description for loan consideration.

#### 2. Budget

Please provide a line item budget that includes at minimum: 1) the sources of all funds being contributed to the project include **all** sources—cash, in-kind, etc.; 2) the uses of all funds (provide a line item for each use); 3) the total project costs (including the funding request **and** the local match. Please be sure that all uses of funds are eligible expenses as set forth in the program guidelines.

##### *Example:*

##### **Collaboration Village's Project Budget**

###### **Sources of Funds**

LGIF Request	\$100,000
Match Contribution (10%)	\$ 11,111
<b>Total</b>	<b>\$111,111</b>

###### **Uses of Funds**

Consultant Fees for Study	\$111,111
<b>Total</b>	<b>\$111,111</b>

**Total Project Cost: \$111,111**

#### 3. Financial Documentation

Please provide financial projections for your funding request. For grant requests, applicants must at minimum, estimate the anticipated savings they are expecting to realize as a result of the study. For loan projects, please provide projections for at least three years to help demonstrate the savings achieved and the repayment source for the loan.

**4. Population Information and Documentation**

Please provide documentation supporting population information provided using the 2010 U.S. Census. To access census information, you may visit the following website <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>.

**5. Partnership Agreements**

Partnership agreements must be signed by all parties listed as collaborative partners. Please provide a partnership agreement that at minimum: 1) lists all collaborative partners; 2) lists the nature of the partnership; and 3) is signed by all parties. Please note, partnership agreements must be specific to the project for which funding is requested.

**TAB 4: FINANCIAL DOCUMENTATION**

Process Implementation	\$ 242,260.00
Consultants Fees	\$ 284,510.00
Management Investigation	\$ 28,750.00
Participating school districts will also provide in-kind services through their administration offices and guidance departments. All clerical work, paper and copying cost will be provided by the Ashtabula County Education Service Center.	\$ 55,552.00
<b>Total Project Cost</b>	<b>\$ 611,072.00</b>