

**Local Government Innovation Fund Grant Application**

**Rio Connections: Shared Services Project**

**Gallia-Vinton Educational Service Center  
University of Rio Grande/Rio Grande Community College**

**March 1, 2012**

**Section 1: Contact Information**

**Name of Main Applicant:** The Gallia Vinton Educational Service Center

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P.O. Box 178  
Room 131, Wood Hall  
Rio Grande, Ohio 45674

**Phone:** (740) 245-0593

**Fax:** (740) 245-0596

**Website:** [www.galliavintonesc.org](http://www.galliavintonesc.org)

**Applicant Contact:** Dr. Denise Shockley

**Title:** Superintendent

**Email:** [90\\_dshockley@seovec.org](mailto:90_dshockley@seovec.org)

**Gallia-Vinton Educational Service Center service territory:** Gallia and Vinton Counties

**University of Rio Grande/Rio Grande Community:** Gallia, Vinton, Jackson, and Meigs Counties

<b>Population:</b>	<b>Gallia County</b>	<b>30,934</b>
	<b>Vinton County</b>	<b>13,435</b>
	<b>Jackson County</b>	<b>33,225</b>
	<b>Meigs County</b>	<b>23,770</b>

## Section 2: Collaborative Partners

**Name of Main Applicant:** The Gallia Vinton Educational Service Center

**Address:** 60 Ridge Avenue  
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**Applicant Contact:** Dr. Denise Shockley  
**Title:** Superintendent

**Collaborative Partner:** The University of Rio Grande/Rio Grande Community College  
**Address:** 218 North College Avenue  
Rio Grande, Ohio 45674

**Phone:** (740) 245-7215  
**Fax:** (740) 245-7154  
**Website:** [www.rio.edu](http://www.rio.edu)

**Contact:** Dr. Kenneth Porada  
**Title:** Provost and Vice President for Academic Affairs

### Nature of the Partnership

The University of Rio Grande and Rio Grande Community College already have an existing and unique partnership between them (a community college and a private university). The two institutions share the same vision and mission as well as the same 160 acre campus and facilities. Both are directed and supported by a common administration (including the president), faculty, and staff.

The University of Rio Grande, founded in 1876, is a comprehensive private institution offering undergraduate programs of study in the liberal arts, business, nursing, allied health, selected technologies, mathematics and science, teacher education and fine arts. An MBA and a master's degree program in education are also offered. In addition, the private university provides, by contract, all instructional and educational services to the public Rio Grande Community College. University of Rio Grande faculty members provide instruction for all courses taught on the shared campus. The co-located public community college/private university partnership is one of the most unique institutions of higher education in the country. The partnership motto is "One Rio" and the two are commonly considered a single entity. For the purposes of this proposal, the

two will be considered a single “partner” for the Gallia-Vinton Educational Service Center. They will be referred to as the University of Rio Grande/Rio Grande Community College. The Gallia-Vinton Educational Service Center and the University of Rio Grande/Rio Grande Community College are co-located on the same campus in Rio Grande, Ohio. The proximity in locations and the similarities in organizational functions have permitted the two entities to form strong collaborative endeavors over the course of eight years. The agencies are joining forces to submit a Local Government Innovation Fund proposal for a feasibility study.

The Gallia-Vinton Educational Service Center and the University of Rio Grande/Rio Grande Community College both currently operate separate grants department to supplement their usual sources of revenue. The organizations are investigating the feasibility of consolidating grants services as a cost-saving and effectiveness measure. A feasibility study will provide the data for making an informed decision regarding any uniting of grants departments and processes.

For this particular project, entitled ***Rio Connections: Shared Services Project***, the Gallia-Vinton Educational Service Center will serve as the main applicant. The Gallia-Vinton Educational Service Center is submitting the grant and will be the fiduciary agent. The two agencies will share responsibilities for ensuring the feasibility study is completed with fidelity and integrity.

The governing boards of both organizations are supportive of conducting the study to determine the feasibility of sharing services for greater accountability to the public. The governing boards will utilize the results and recommendations of the feasibility study to determine any course of action for reorganization. Assignments of strategies and tasks are dependent upon the findings. Both the Gallia-Vinton Educational Service Center and the University of Rio Grande/Rio Grande Community College will participate in the planning, implementation, monitoring, and evaluation of any recommended changes that may occur.

### **Section 3: Project Information**

#### **Project Name**

Rio Connections: Shared Services Project

#### **Problem Statement**

In lean economic times it has become more pressing than ever for public entities to manage funding with prudence. Government agencies are expected to examine ways to provide effective services in a more efficient manner. With the passage of Am. HB. 153, Educational Service Centers and other government entities have been charged with increasing opportunities for shared services with political subdivisions and other organizations. The Gallia-Vinton Educational Service Center is in the process of investigating ways to form shared servicing to save public dollars while maintaining or expanding the current levels of operations.

The Gallia-Vinton Educational Service Center (ESC) is located on the campus of the University of Rio Grande/Rio Grande Community College in Rio Grande, Ohio. The Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College (URG/RGCC) are similar in their functions in that each is responsible for supporting the educational development in the area. The entities seek to continuously improve in their missions to support students.

The Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College have formed a strong collaborative partnership over the course of eight years. The organizations have implemented various successful projects. The projects have been beneficial for the area school districts, staff, and students as well as being advantageous for the ESC and URG/RGCC. Past collaborative programs have provided services that were more powerful and more effectively administered than either of the agencies could have provided on their own. The ESC/URG/RGCC partnership has been referred to as “Rio Connections” and is considered one of the strongest ESC/university partnerships in the state.

The Gallia-Vinton Educational Service Center and the University of Rio Grande/Rio Grande Community College each has a grants department responsible for pursuing external funding to augment their standard budgets and provide enhanced services and benefits to their stakeholders. It is vital to the organizations to maintain the pursuit of grants to provide appropriate support for the educational programs for area students. Presently, grant funds make up nearly two-thirds (\$3,074,861) of the Gallia-Vinton ESC budget. URG/RGCC secured approximately \$700,000 in grants over the past year to impact student programming. As can be seen, the ESC is currently much more active in both procuring and managing grant funding and this comparative trend between the two agencies has existed for years.

The Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College each expend significant dollars and time annually to support grants procurement and management for

their respective agencies. There are basic processes that grant seekers and grant awardees engage in to be competitive in the market for funding. Grant processes include research and planning, writing, implementation, fiscal management, compliance monitoring, networking, replication (including conference presentations and writing for professional journal submissions), and close-out procedures. The grants department of the ESC is responsible for managing all components of the ESC's grants process. The grants process at URG/RGCC flows through a Grants Director with various components being distributed to different departments for management and completion.

Due to a recent retirement, the position of Grants Director at URG/RGCC is vacant. This has prompted the university to consider the effectiveness of the entire grants department structure and process. Informal assessments of the structure and process have identified areas possibly needing improvement. Streamlining the process, increasing the volume of grants submission and funding secured, involving more of the university's academic departments in the pursuit of funding, and simplifying the fiscal management of grants have been revealed as areas perhaps requiring enhancement.

The University of Rio Grande/Rio Grande Community College and the Gallia-Vinton ESC (Rio Connections) have partnered to discuss the grants processes of both organizations. Joint reflection on the overall effectiveness and efficiency of the grant processes of the agencies has initiated a question of the viability of forming shared grants services. Prospective questions include: Could each agency be better served if some or all grants services are incorporated by one of the organizations? Could public dollars be saved and revenues for each organization be increased with shared services? Could the level of service be maintained or expanded? The Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College need reliable data to make informed decisions about the entire grants process.

**The Gallia-Vinton Educational Service Center and the University of Rio Grande are proposing to conduct a feasibility study on sharing grants services as a cost-effective and process efficiency measure.**

**Award Type:** The Gallia-Vinton Educational Service Center and the University of Rio Grande/Rio Grande Community College are seeking a Local Government Innovation Fund Grant to conduct a feasibility study.

**Targeted Approach to Innovation:** The Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College are proposing to examine *shared services* as an approach to improving the grants procurement and management services of the organizations.

### Anticipated Return Explanation on Investment

Return on Investment	FY13	FY14	FY15	Explanation
Increase in Grant Volume	15%	25%	40%	Pursue grants more aggressively; seek grants outside normal realm; research potential discretionary grants with needs of organization(s)
Reduction in FTEs for Similar Positions	10% \$20,000	20% \$40,000	35% \$70,000	Eliminate redundancy of job tasks
Streamlined Fiscal Process	15% \$11,250	25% \$18,750	40% \$30,000	Centralize grant processes to create efficiency; cost savings
More Faculty/Staff Involvement	20%	40%	60%	Encourages more departments to become involved in seeking grants; increases grants pool; strengthens content of grants submitted
More Resources for Client Programming	20%	30%	50%	Increases revenues for extended programming; alignment with needs and target areas for improvement
Development of Additional Partnerships	15%	25%	40%	Collaboration between and among like entities; advanced programming opportunities; expands access to different grant sources
Research, Development and Evaluation Regional Hub	15%	25%	40%	Regional economic development; content expertise of organizations;

### Anticipated Savings:

FY13	\$31,250
FY14	\$58,750
FY15	<u>\$100,000</u>
TOTAL	\$190,000

## **Project Description**

The partnership between the Gallia-Vinton Educational Service Center and the University of Rio Grande/Rio Grande Community College is known as “Rio Connections”. The partnership has resulted in many collaborative initiatives and this Local Government Innovation Fund joint venture is being referred to as **Rio Connections: Shared Services Project.**

The Gallia-Vinton Educational Service Center Governing Board has included a Resolution of Support as an attachment to the proposal. The members of the governing board respect their responsibilities as representatives of the community. They hold themselves accountable for making good decisions based on the best information. They are advocating for the feasibility study to maximize services for the public. Additionally, Dr. Barbara Gellman-Danley, President of the University of Rio Grande/Rio Grande Community College and representative of the boards of trustees has contributed a letter of support for the project. The University of Rio Grande officials recognize they must be prudent in managing resources and have pledged their support of the feasibility study to gauge the effectiveness and efficiency of grants services.

The Rio Connections: Shared Services Project intends to engage the services of an external consultant to determine the feasibility of sharing services in any or all components of the grants process and structure for the organizations. The consultant will have considerable expertise in grants procurement and management. S/He will gather and analyze data to reveal the potential benefits and/or drawbacks of making changes in the current organization and the ways of doing grants business. The consultant will make recommendations for what opportunities there are to develop shared services.

The study will include gathering and reviewing data to determine the cost-effectiveness and efficiency of the grant services currently being provided. S/He will probe virtually every element of each agency’s grants process including research and planning, proposal writing, implementation, fiscal management, compliance monitoring, reporting and close-out procedures. The examination will analyze the agencies’ departmental structures, the management procedures, human resources involvement and capacity, the governance and administration policies and practices, and the budgetary operations including the technology-based accounting systems.

The consultant will utilize various strategies for obtaining the appropriate information for review. S/He will direct interviews, facilitate focus groups, examine files and documents, observe departmental operations, and conduct surveys. S/He will organize and analyze the data to determine the potential for enhanced services and cost savings of any consolidation of grants services into one agency’s responsibilities. The consultant will prepare an extensive report outlining recommendations and supporting details.

A committee consisting of three representatives from each participating organization (Gallia Vinton ESC, URG/RGCC) will facilitate the Rio Connections: Shared Services Project. The consultant will present her/his findings to the committee for consideration. The findings and any

recommendations will be evaluated and shared with the ESC Governing Board and the URG/RGCC Boards of Trustees. The boards will make an informed decision based on the findings.

### **Probability of Success**

The Gallia-Vinton Educational Service Center is the lead applicant for the Rio Connections: Shared Services Project. The Gallia-Vinton Educational Service Center was recently awarded accreditation through AdvancED, the national accreditation organization for schools and Educational Service Centers. The Gallia-Vinton ESC is only the fifth of the 55 Educational Service Centers in Ohio, and the only Educational Service Center south of Interstate 70, to achieve this accomplishment. Accreditation is a set of rigorous protocols and research-based processes for evaluating an institution's organizational effectiveness. The accreditation is evidence of the ESC's dedication to quality and the Gallia-Vinton ESC will apply its commitment to excellence to the Rio Connections: Shared Services Project.

The Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College are **co-located on the same campus.** The proximity of location lends itself to cooperative projects adding value to each organization's services to their clients. The University of Rio Grande rents office space to the ESC for a reasonable amount. This provides the ESC with adequate space central to its service area. Additionally, the university has given the ESC access to the university's faculty, conference centers, classrooms, technology, and conference food services. This has allowed the ESC to provide extensive opportunities for local teachers and students that otherwise would not have been affordable. Likewise, the ESC includes the university in many opportunities to serve the area teachers and students. These opportunities have supplemented the university's budget, have allowed the university to develop strong relationships with area teachers and students, have promoted the university's reputation in the region, and have supported the professional growth of the faculty. Additionally, each organization serves on the other's advisory council. Cooperative ventures have permitted each entity to experience the operations of the other, lending to the capacities of each to provide knowledge-based guidance.

The Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College have a successful history of joint projects (known as "Rio Connections"). The Rio Connections collaborative (in existence for eight years) has initiated numerous projects that have benefitted partner schools, staff, and students. Some of the initiatives include: Dual-Credit Enrollment (for students in six area high schools), five Math/Science Partnership Grants; fifteen 21<sup>st</sup> Century Community Learning Centers; Appalachian Portrait Project for Social Studies Teachers; Teaching American History Grant; Library of Congress Grant; Safe Schools/Violence Prevention Grant; Ohio Appalachian Educator's Institute; Value-Added Training; Entry Year/Resident Educator Program; Repository of Best Teaching Practices; Practicum; and Supervised Field Experiences. The projects undergo evaluations by outside evaluators to determine their success. External program reviews by the Voinovich School of Leadership and Public Affairs at Ohio

University and others demonstrate that Rio Connections programming has resulted in significant increases in student achievement and teacher content and pedagogical knowledge. URG/RGCC STEM faculty member, Dr. Jacob White and ESC superintendent, Dr. Denise Shockley, recently co-authored an article for submission to the *Journal of Science Teacher Education* highlighting the positive impact of one joint partnership project.

The capacity for the Rio Connections: Shared Services Project is in place. The partnership has constructed a viable process for managing shared ventures. The organizations will initiate a quality feasibility study to gather relevant data. Decisions regarding the sharing of services of the grants structures and processes will be based on the information. The Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College will implement the recommendations with the same integrity and fidelity that has been adhered to in the past. The potential for success of Rio Connections: Shared Services Project has been demonstrated through past endeavors.

### **Replication and Scalability**

Replication and Scalability are both critical to expanding the impact of funding awards. The Rio Connections: Shared Services Project is both replicable and scalable.

There are 54 other ESCs and over 130 institutions of higher education in the state of Ohio. Of those agencies, most pursue grant funding. It is very feasible those agencies could benefit from sharing grants services. Providing them with replication information will be a priority of Rio Connections: Sharing Services Project. Replication of the project could also be successful for other public, non-education entities, as well, and the ESC will disseminate project information as appropriate.

The Gallia-Vinton ESC observes a project replication process for all its major initiatives. The ESC records the significant information of the different components of the projects including planning, implementation, evaluation, and fiscal management. The ESC gathers relevant data, including project tools and materials, throughout the phases for use in the project evaluation and for replication purposes. The agency utilizes outcome data to identify best practices and the project criteria vital to the fidelity of implementation. This information is used for ESC future planning as well as in replication activities.

The ESC facilitates replication of its projects by distributing appropriate information through a variety of venues. The agency shares the information at local, regional, and state meetings on a regular basis. Examples include informing other ESCs at the regional meetings for ESC superintendents and the sharing of best practices at monthly regional “brown bag” sessions for consultants. ESC consultants frequently present project replication details at regional, state, and national conferences, as well. During presentations, ESC consultants describe the project framework, identify the ESC’s project vision and approaches, provide evidence-based

documentation of outcomes, and share any project tools and materials. The ESC makes itself available for providing technical assistance and program support for interested organizations.

Additionally, the Gallia-Vinton ESC disseminates project information in written form as submissions to professional journals and other media sources. Replication information and contact data are a piece of such articles. All replication efforts permit other organizations to draw on the vision and experience of the ESC to create similar, effective services for clients.

Rio Connections: Shared Services Project is also scalable. The currently proposed feasibility study will determine opportunities for sharing grant services between the Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College. The ESC Governing Board and URG/RGCC Boards of Trustees will study the feasibility report and adopt any cost-saving and efficiency recommendations for implementation. When the reorganized shared services project is stable in its existence, Rio Connections intends to consider the feasibility of incorporating the grants activities of a third, separate organization. The third organization is also located on the Rio campus and it relies on grant funding to provide supplemental programming for its clients. The third organization (also a public entity) has already demonstrated an interest in a possible collaboration for sharing grants services.

The nature of the grants process makes it a viable activity for sharing and scalability. The process is similar regardless of the grant objective or the type of organization seeking a grant. The grants process includes addressing similar criteria though the details vary with the grant purpose. And, when grants are awarded, the procedures for administration are parallel among grants. The success in scaling grants sharing projects depends on having the proper structures and supports in place, including human resources and manageability features.

### **Is the Project a Part of a Larger Consolidation Effort?**

The Rio Connections: Shared Services Project is not a part of a larger effort to consolidate services of the Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College. It is, however, a part of a local vision shared by the Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College to become a hub of innovative development for the area. The partnership envisions that it can be a major facilitator for the growth of opportunities in the southeast region of the state.

The agencies have developed a strong collaborative partnership over a period of eight years. They have successfully implemented numerous projects to support the educational development of area residents. The partnership forged between the entities has grown since its initiation and continues to expand as each effort proves successful according to evaluation results.

The complexity of the projects themselves has grown since the establishment of the Rio Connections partnership. The projects generally contain a thorough evaluation by outside evaluators. The process and outcomes of the projects are documented. The results of the

evaluations of the Rio Connections' projects contribute to actual research and are evidence of the success that can be facilitated by leveraging resources and applying strategic planning.

The Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College serve counties in the Appalachian region of the state. The service counties in the organizations' territories are designated either as "Distressed" or "At-Risk" by the Appalachian Regional Commission. The area is economically and socially deprived but the ESC and Rio Connections (ESC/URG/RGCC) believe positive change is possible. Rio Connections is determined to become a hub -"a Center of Innovation"- that will grow educational levels and area economic opportunities leading to greater prosperity in the area. With A.M. H.B. 153 extending the scope of entities that may be served by Educational Service Centers, Rio Connections can more readily pursue its vision of transforming the communities.

The Gallia-Vinton ESC and the University of Rio Grande/Rio Grande Community College (Rio Connections) envision extending their evidence-based framework for leveraging resources to bring about improvement to other services in the area. Rio Connections will provide strategic support to build sustainable partnerships, improve public services, and create initiatives to increase regional opportunities. The Gallia-Vinton ESC (and Rio Connections) intends to facilitate the collaborative infrastructure that can bring about a regional network of support with a unified intention of improving community development. Utilizing public funds prudently and strategically must drive the efforts.

### **Identification of Past Success of a Shared Service**

Many successful joint projects have been identified in the **Probability of Success** section of this proposal. The (5) Math/Science STEM Projects mentioned are an example of successful service sharing projects. Of the five projects, two are still in progress and those results are not included in the ensuing paragraph.

With grant funding from the Ohio Board of Regents and the Ohio Department of Education, the Gallia-Vinton Educational Service Center and the University of Rio Grande/Rio Grande Community College (Rio Connections) have been able to impact the math/science content knowledge and instructional skills of more than 230 teachers in the area. The Math/Science STEM grant projects provided extensive, on-going professional development and coaching for inservice teachers to deepen their knowledge of math/science content. The professional development also focused on teachers utilizing evidence-based instructional methods to increase student understanding of math and science. The projects, implemented in 19 different schools, have been externally evaluated for program impact. These projects have generated reliable evidence that participating teachers show a statistically significant increase in math/science content knowledge and improved instructional practices after completion of the inservice training. More importantly, the evaluation has generated reliable evidence that these teacher-level gains are being directly translated into improved student achievement in science.

Rio Connections (Gallia-Vinton ESC and URG/RGCC) very intentionally planned for the success of the STEM Math/Science Projects just as they purposefully design all joint ventures. The Rio Connections partnership approaches all joint programming in a similar way making sure all the elements are in place to ensure the desired outcomes. In general, Rio Connections' projects are developed by including a comprehensive planning phase, by creating a program framework and logical implementation strategies, and by designing an evaluation to measure program impact and organizational accountability.

Collaborative meetings and conversations occur from the initiation of a project and continue through the evaluation, close-out and reporting stages. The program objectives are established and clearly understood by all. Roles are well-defined and assigned according to the capacity and strengths of the organizations. Actions and tasks selected for meeting objectives are logical and evidence-based. Resources are allocated and implementation is closely monitored. Evaluation is both formative and summative and strategic adjustments are made by the partnership when indicated. The participants from both organizations conduct business with professionalism and remain focused on outcomes. Program outcomes are reported to the appropriate stakeholders and shared for replication purposes. The Rio Connections collaborative is confident that a well-developed plan specifically targeted toward the program objectives is key to the success of projects.

### **Response to Changes in Economic Demand**

Budget deficits at the national and state levels have an obvious effect on what can occur locally. In an effort to fill budget gaps, Governor Kasich called for the creation of Regional Shared Services. This includes having the state's Educational Services Centers join forces with other entities including political subdivisions and institutions of higher education to serve clients.

The Gallia-Vinton Educational Service Center has long been a proponent of collaboration to build and deliver the most effective services in an efficient manner beneficial to all parties. For many years, the ESC has formed partnerships with area educational organizations and community partners to present programming. In nearly all initiatives, the positive outcomes (including cost-savings, increased revenues, and quality of service) have been magnified due to the expanded power that collaborating can provide. The Gallia-Vinton ESC welcomed the opportunity presented by the governor to move beyond the walls of education into other public sectors to build effective services.

The Gallia-Vinton Educational Service Center responded promptly to the concept of sharing services and is making steady progress toward building networks to become a comprehensive Regional Service Provider. The outreach and expansion began with a meeting with the ESC Business Advisory Council. The ESC presented an explanation of shared services with more than 30 members of the council. Some council members are potential shared service clients; all

council members have the benefit of knowing about the initiative and will help to market the idea of shared servicing.

A Gallia-Vinton ESC consultant has personally met with more than 80 leaders of public services in a three county area to discuss the possibilities of partnering for services. The ESC consultant talked with Township Trustees, other elected officials, the public libraries, the Area Agencies on Aging, and City Managers. The community servants have received the idea of service sharing with a great deal of interest and all parties have begun to explore the possibilities to work collaboratively for cost-savings and efficiency. Meetings to cultivate innovative ideas for collaborative services will continue on a regular basis.

One public service agency, the Gallia County Sheriff's Department recently held a lengthy conversation with the ESC. The department is interested in forming a partnership with the ESC and the University of Rio Grande/Rio Grande Community College to create local professional development and training opportunities for area law enforcement. Local law enforcement personnel (including other counties) desire and require training but access calls for extensive travel (costly in terms of time and dollars) and/or professional release time from work (reduced services for clients). The Gallia-Vinton ESC has begun conversations with the University of Rio Grande/Rio Grande Community College to discuss ways of providing the needed services in the southeast region in an efficient, cost-saving manner. The initiative will be mutually beneficial; any programming created to provide the services will expand the potential of the university to attract clients beyond its usual borders. The concept is made feasible via the sharing of services initiative of the government.

The Gallia-Vinton ESC is also a member of the Southeast Ohio Regional Shared Services Collaboration. The group was recently awarded a grant to implement a plan to reduce the costs of transportation and technology to schools across the extensive 18-county region. The collaborative is in the process of designing the best service sharing plans for eligible public agencies in the region.

**The Rio Connections: Shared Services Project** is a specific effort to meet the terms of the governor's plan to streamline services. The feasibility study will determine if a consolidation of grants services between the ESC and URG/RGCC will result in a cost-savings for the entities (a probable absorption of a vacant position, a consolidation of fiscal management services), and increased revenues for the entities (access to a wider field of grants, greater volume of submission rates/awards). The collaborating agencies' net total cost-savings and revenue increases are an excellent example of providing the same or enhanced services for fewer dollars. Rio Connections: Shared Services Project is an appropriate response to being a highly accountable consumer of scarce public funds.

### **Intent to Implement Recommendations**

The Rio Connections: Shared Services Project study will include an extensive report regarding the feasibility of sharing grants processes and structures. The report recommendations will be presented to the Gallia-Vinton ESC Governing Board and the University of Rio Grande/Rio Grande Community College Boards of Trustees. The boards are earnest in their roles as decision-makers for the agencies and are dedicated to making the best judgments for the constituents and clients. *The Gallia-Vinton Educational Service Center and the University of Rio Grande/Rio Grande Community College will implement any Rio Connections: Shared Services Project grants process or structural changes adopted by their boards as cost-saving and efficiency measures.*

### **Project Facilitates an Improved Business Environment and/or Community Attraction**

The Gallia-Vinton Educational Service Center and the University of Rio Grande have a history of successfully implementing joint endeavors. The Rio Connections: Shared Services Project will expand the business relationship between the two entities.

The Rio Connections feasibility study will result in recommendations for efficiency and cost-saving measures to be implemented. Any consolidation of services should reduce the annual total costs of doing grants business for both organizations. Additionally, it is anticipated there will be an increase in the volume of grants submitted, and therefore, grant awards received. Savings plus additional revenues can then be directed toward programming for clients. An increased budget for programming has the potential to impact the quality of area teachers' instructional practices and the students' academic performance levels. University savings and increased revenues could even help the institution to hold the line on educational costs (tuition and fees) for the students and their families. And, increasing the efficiency of services will impact employee satisfaction and motivation which in turn supports organizational stability.

Moreover, once the recommendations of the feasibility are implemented and the reorganized process is stable, the Rio Connections partnership intends to pursue adding at least one additional public entity to the grants sharing initiative. This will result in an even greater community attraction: enhanced services for less overall dollars.

**Budget of Anticipated Costs  
Rio Connections: Shared Services Project  
Feasibility Study FY13**

<b>Categories</b>	<b>Justification</b>	<b>DOD Amount Requested</b>	<b>In-Kind Match</b>	<b>Total Requested</b>
Personnel	Supt. 120 Hrs X \$70 Grants Writer 120 X \$45 Fiscal Officer 20 X \$50 URG Grants Rep 10 X \$65		\$8,400 \$5,400 \$1,000 \$650	\$15,450
Fringes	18%		\$2,781	\$2,781
Purchased Services	Feasibility Study Consultant 50 Days @ \$400 ESC Consultants 3 X \$175 X 25 Days URG Consultants 3 X \$175 X 7 Days	\$20,000 \$13,125 \$3,675		\$36,800
Supplies	General Office Supplies Copy Fees/Phone/Web	\$3,000	\$2,139	\$5,139
Capital Outlay	Laptop Computer 3 @ \$2,000 Rolling Carts (2 X \$100) Wireless Printer	\$6,000 \$200 \$500		\$6,700
Other	Fiscal Officer 50 Hrs X \$50 Secretarial 225 Hrs X \$25 Focus Group Meetings 3 X \$100 NGT Evaluation Sessions 4 X \$250 Meeting Space/Tech Fees (URG)	\$2,500 \$5,625 \$300 \$1,000	\$2,000	\$11,425
<b>TOTAL</b>		<b>\$55,925</b>	<b>\$22,370 (40%)</b>	<b>\$78,295</b>

### Anticipated Return Explanation on Investment

Return on Investment	FY13	FY14	FY15	Explanation
Increase in Grant Volume	15%	25%	40%	Pursue grants more aggressively; seek grants outside normal realm; research potential discretionary grants with needs of organization(s)
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More Faculty/Staff Involvement	20%	40%	60%	Encourages more departments to become involved in seeking grants; increases grants pool; strengthens content of grants submitted
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#### Anticipated Savings:

FY13	\$31,250
FY14	\$58,750
FY15	<u>\$100,000</u>
 TOTAL	 \$190,000

## **Partnership Agreements**

The Gallia-Vinton Educational Service Center prepares Memoranda of Agreements for every joint venture. The memoranda serve to ensure that all parties are aware of their roles responsibilities. Terms and conditions are detailed.

The Gallia-Vinton Educational Service Center has not prepared a Memorandum of Agreement for the Rio Connections: Shared Services Project. At this point, a memorandum would be premature. Until the feasibility study is complete, the scope of the implementation is unknown thus roles and responsibilities are unknown, as well.

The Gallia-Vinton ESC is attaching a Memorandum of Agreement for a recent joint venture between the ESC and the University of Rio Grande. The Memorandum of Agreement for the Rio Connections: Shared Service Project will follow the same format and include the same details. If this is not sufficient documentation, the ESC would be happy to furnish additional information.



AGREEMENT

Between

UNIVERSITY OF RIO GRANDE

and

GALLIA – VINTON EDUCATIONAL SERVICE CENTER

This Agreement (“Agreement”) is dated as of July 1, 2009, and is made by and between the University of Rio Grande (the “University”) and Gallia – Vinton Educational Service Center (Gallia – Vinton ESC), who hereby agree as follows:

Section 1. Provision of Coursework Services. On the terms and conditions contained in this Agreement, Gallia – Vinton ESC shall provide the following services for the Math/Science Partnership Grant as described below:

Gallia – Vinton ESC will administer the Math/Science program which includes administration, duplicating services, advertising, and the preparation/submission of reports for a maximum fee of \$17,500.

Gallia – Vinton ESC will provide the following positions for the Math/Science Grant:

- (1) Program Coordination @ \$3500 X 2 (one science, one math) (\$7,000 maximum)
- (2) Train the Trainer Sessions for a maximum of 2 sessions at \$2,500/session (\$5,000 maximum)
- (3) Five coaches for a maximum of 55 days @ \$150/coach/day (\$41,250 maximum)
- (4) Facilitator Travel for a maximum of \$550 which represents 1,000 miles at .555.
- (5) ESC Administrator/Coordination Travel for a maximum of \$550 which represents 1,000 miles at .55.
- (6) Substitute Teachers for a maximum of \$8,500

- (7) Teacher Stipends for a maximum of \$2,000 (\$75 - \$125 Range)
- (8) Workshop Materials for a maximum of \$6,380

Gallia – Vinton ESC will be responsible for the employment of these positions which shall include the preparation of the job description, posting and advertising of the position, hiring of qualified applicants and all other employment related services.

Gallia – Vinton ESC will administer the Math/Science program in accordance with the approved Math/Science Grant attached in Appendix A.

Section 2. Fee for Administration of Program. Gallia – Vinton ESC must submit a written request for payment with documentation to justify the payment request.

Section 3. Term; Termination. This Agreement shall be effective on July 1, 2009 and shall continue for a period term of 1 year. The University may renew this Agreement for an additional term, upon 60 days prior written notice to Gallia – Vinton ESC, on the same terms and conditions as are contained in this Agreement; provided, however, that the fee payable by the University shall be negotiated no later than 30 days prior to the commencement of the renewal term.

This Agreement may be terminated by either party upon 30 days prior written notice. Notwithstanding the foregoing to the contrary, any such termination shall not be effective in the middle of an academic year, and any termination as a result of this provision which would occur during an academic year of the University shall automatically be delayed to the day following the end of such year, or alternatively, any such notice shall specify a termination date that is at least 30 days away and which occurs at the end of an academic year. If this Agreement is being terminated as a result of default by either party, then the provisions of Section 8 below shall apply.

Section 4. Liability to Third Parties. As between the University and Gallia – Vinton ESC, the University shall be responsible for any and all loss, injury, damage or liability to third parties or their property resulting from (i) any act or omission by the University or any agent, invitee or licensee of the University; (ii) any failure by the University to perform or observe any agreement or condition to be performed or observed by it under this agreement. The University shall indemnify and save harmless Gallia – Vinton ESC against and from any such loss, injury, damage or liability and shall assume and bear the burden of all costs (including reasonable attorneys' fees) of defending against any and all litigated or unlitigated claims made against Gallia – Vinton ESC.

As between the University and Gallia – Vinton ESC, Gallia – Vinton ESC shall be responsible for any and all loss, injury, damage or liability to third parties or their property resulting from (i) any act or omission by Gallia – Vinton ESC or any agent, invitee or licensee of Gallia – Vinton ESC; (ii) any failure by Gallia – Vinton ESC to perform or observe any agreement or condition to be performed or observed by it under this agreement. Gallia – Vinton

ESC shall indemnify and save harmless the University against and from any such loss, injury, damage or liability and shall assume and bear the burden of all costs (including reasonable attorney's fees) of defending against any and all litigated or unlitigated claims made against the University.

Section 5. Default. In the event that either party to this Agreement fails to comply with any of the obligations herein, a default shall have occurred. The defaulting party shall have 30 days after written notice by the non-defaulting party to cure such default. Should such default fail to be cured within the specified time frame, the non-defaulting party has the option to (i) continue this Agreement notwithstanding the default or (ii) terminate this Agreement, subject to the conditions set forth in Section 2 above.

Section 6. Successors and Assigns. All terms, conditions and covenants of this Agreement shall inure to the benefit of and be binding upon the respective legal representatives, successors and assigns of the parties hereto.

Section 7. Assignment. This Agreement shall not be assigned by either party without the written consent of the other, which consent shall not be unreasonably withheld.

Section 8. Notices. Any notice required or desired to be given to either party shall be in writing and shall be deemed given when deposited in the United States mail, first-class postage prepaid, addressed to that party at the addresses provided to each other upon execution of this lease.

Section 9. Americans with Disabilities Act Compliance. Gallia – Vinton ESC shall certify that it is in current compliance with the Federal Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act of 1990. This assurance of compliance extends to non-discriminatory activities in all areas of employment and in the provision of services, including all activities contemplated under this Agreement.

Section 10. Complete Agreement. This Agreement constitutes the entire agreement between the parties and there are no representations, oral or written, which have not been incorporated herein. Any additional rights or privileges incident to this Agreement shall be set forth with an effective date-typed addendum attached hereto. Upon approval by duly authorized representatives of both parties, such addendum shall become part of this Agreement as if fully rewritten herein. No changes or amendments may be made to this Agreement unless in writing signed by both parties.

**IN WITNESS WHEREOF**, the parties hereto have signed this Agreement on the date first set forth above. By executing this Agreement, each party represents to the other that the individual signing on its behalf is fully authorized and empowered to do so.

Signed and acknowledged in the presence of:

GALLIA - VINTON  
EDUCATIONAL SERVICE  
CENTER

Anta M Good

Anta M Good

Print Name

Emily D Conway

Emily D Conway

Print Name

\_\_\_\_\_

Print Name

\_\_\_\_\_

Print Name

By Denise Stockley Superintendent  
(Name) (Title)

THE UNIVERSITY OF RIO GRANDE

By Paul D. [Signature]  
(Name)

Chief Operating Officer  
(Title)

[Acknowledgements contained on the following page.]

STATE OF OHIO  
COUNTY OF GALLIA

The foregoing document was acknowledged before me on \_\_\_\_\_, 2009 by Paul Harrison, Chief Operating Officer of the University of Rio Grande, on behalf of the University.

\_\_\_\_\_  
Notary Public

STATE OF OHIO  
COUNTY OF Gallia

The foregoing document was acknowledged before me on August 4<sup>th</sup>, 2009 by Denise Shockley, the Superintendent of Gallia - Vinton ESC, on behalf of the Center.

Anita M. Good  
Notary Public

ANITA M. GOOD  
Notary Public, State of Ohio  
My Commission Expires October 3, 2011



## GALLIA-VINTON EDUCATIONAL SERVICE CENTER

P.O. Box 178 • Rio Grande, Ohio 45674-0178 • (740) 245-0593 • fax (740) 245-0596

### RESOLUTION TO COLLABORATE WITH UNIVERSITY OF RIO GRANDE AND RIO GRANDE COMMUNITY COLLEGE IN FEASIBILITY STUDY OF GRANT DEVELOPMENT AND IMPLEMENTATION OF SHARED SERVICES

The Gallia-Vinton Educational Service Center Governing Board authorizes and approves the submission of a grant application to the Ohio Department of Development for the purpose of a feasibility study of grant development and implementation shared services with the University of Rio Grande and Rio Grande Community College.

IT IS FOUND AND DETERMINED that all formal action of the Board of Education concerning or related to the adoption of this Resolution was adopted in an open meeting of this Board, and all deliberations of this Board that resulted in such formal action were adopted in meetings open to the public, in compliance with all applicable requirements of the Ohio Revised Code.

Steve Saunders moved and Carol Porter seconded the motion that the above Resolution be adopted.

Upon roll call and the adoption of the Resolution, the vote was as follows:

Yeas: 7      Nays: 0

ADOPTED this 7<sup>th</sup> day of February, 2012.

  
Treasurer



UNIVERSITY OF  
**RIO GRANDE**  
& RIO GRANDE COMMUNITY COLLEGE

**OFFICE OF THE PRESIDENT**

Barbara Gellman-Danley, Ph.D.

February 26, 2012

To whom it may concern:

I enthusiastically support this proposal for the University of Rio Grande/Rio Grande Community College to partner with the Gallia Vinton ESC in a feasibility study regarding the potential for shared grants management services. The purpose of the project, attainment of increased efficiency through cost sharing and administrative cooperation, is central to the existing unique partnership between the University of Rio Grande, a private institution offering numerous bachelors and graduate programs, and Rio Grande Community College, a public institution which focuses on certificate and associate degree programs, as well as workforce development. Through this project, we hope to engage an expert to investigate the entire grant process and steps for grant writing for each of the three partners, from seeking and identifying funding opportunities, to awards management to fiscal closing. A comparison of how each of the three partners currently approaches grant work will then lead to discussions and potential proposals for creating a merged center for grants management.

Again, both the University of Rio Grande and Rio Grande Community College are committed to the goals of this proposed project.

Sincerely,

Barbara Gellman-Danley, Ph.D.  
President



# Balestra, Harr & Scherer, CPAs, Inc.

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Gallia-Vinton Educational Service Center

Gallia County, Ohio

Single Audit

July 1, 2010 through June 30, 2011

Year Audited Under GAGAS: 2011

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bhs

Circleville

Ironton

Piketon

Wheelersburg

Worthington

**Gallia-Vinton Educational Service Center**  
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For the Fiscal Year Ended June 30, 2011

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## Independent Auditor's Report

Members of the Board  
Gallia-Vinton Educational Service Center  
P.O. Box 178  
Rio Grande, OH 45674

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 basic 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.

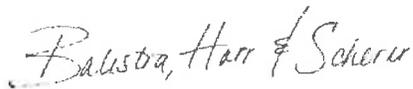
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gallia-Vinton Educational Service Center, Gallia County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Center's basic financial statements taken as a whole. The budgetary comparison schedules and notes to the budgetary comparison schedules provide additional analysis and are not a required part of the basic financial statements. The schedule of federal awards receipts and expenditures provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The schedule of federal awards receipts and expenditures 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. We did not subject the budgetary comparison schedules or notes to the budgetary comparison schedules to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

As described in Note 15, the Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance reporting and Governmental Fund Type Definitions*.



Balestra, Harr & Scherer, CPAs, Inc.

December 14, 2011

**Gallia-Vinton Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Gallia-Vinton Educational Service Center's (the Center) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

**FINANCIAL HIGHLIGHTS**

- The Center's assets exceeded its liabilities at June 30, 2011 by \$1,293,849.
- The Center's net assets of governmental activities increased \$421,477.
- General revenues accounted for \$258,524 or 6 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$3,970,149 or 94 percent of total revenues of \$4,228,673.
- The Center had \$3,807,196 in expenses related to governmental activities; all of these expenses were offset by program specific charges for services and operating grants and contributions.

**USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Gallia-Vinton Educational Service Center's financial situation as a whole and also give a detailed view of the Center's financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the Center as a whole and present a longer-term view of the Center's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the Center's most significant funds with all other non-major funds presented in total in one column.

**REPORTING THE CENTER AS A WHOLE**

The analysis of the Center as a whole begins with the Statement of Net Assets and the Statement of Activities. These reports provide information that will help the reader to determine whether the Center is financially improving or declining as a result of the year's financial activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies.

All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Center's net assets and changes to those assets. This change informs the reader whether the Center's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the Center's financial well-being. Some of these factors include the condition of capital assets, and required educational support services to be provided.

In the Statement of Net Assets and the Statement of Activities, the Center has only one kind of activity.

**Gallia-Vinton Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

- **Governmental Activities.** All of the Center's programs and services are reported here including support services, operation and maintenance of plant, and pupil transportation.

**REPORTING THE CENTER'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

The analysis of the Center's funds begins on page 6. Fund financial statements provide detailed information about the Center's major funds – not the Center as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the Center is meeting legal responsibilities for use of grants. The Gallia-Vinton Educational Service Center's major funds are the General Fund, the IDEA Preschool Grant for the Handicapped Special Revenue Fund, and the Miscellaneous Federal Grants Special Revenue Fund.

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

**THE CENTER AS A WHOLE**

As stated previously, the Statement of Net Assets provides the perspective of the Center as a whole. Table I provides a summary of the Center's net assets for 2011 compared to 2010.

Table I  
 Net Assets  
 Governmental Activities

	2011	2010
<b>Assets:</b>		
Current and Other Assets	\$1,362,194	995,013
Capital Assets, Net	52,586	12,622
<b>Total Assets</b>	<b>1,414,780</b>	<b>1,007,635</b>
<b>Liabilities:</b>		
Current and Other Liabilities	57,503	59,597
Long-Term Liabilities	63,428	75,666
<b>Total Liabilities</b>	<b>120,931</b>	<b>135,263</b>
<b>Net Assets:</b>		
Invested in Capital Assets	52,586	12,622
Restricted for Other Purposes	244,626	662
Unrestricted	996,637	859,088
<b>Total Net Assets</b>	<b>\$1,293,849</b>	<b>\$872,372</b>

**Gallia-Vinton Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

Total net assets of the Center as a whole increased \$421,477. The increase to net assets is primarily due to increases in cash on hand at June 30, 2011, intergovernmental receivable, and capital assets.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2011 as compared with 2010.

Table 2  
 Changes in Net Assets  
 Governmental Activities

	2011	2010
Revenues		
Program Revenues:		
Charges for Services	\$1,665,141	\$1,470,561
Operating Grants & Contributions	2,305,008	1,487,344
Total Program Revenues	3,970,149	2,957,905
General Revenues:		
Grants and Entitlements Not Restricted	208,575	53,433
Investment Earnings	40,517	35,344
Miscellaneous	9,432	2,130
Total General Revenues	258,524	90,907
Total Revenues	4,228,673	3,048,812
Program Expenses		
Instruction:		
Regular	972,453	782,989
Special	135	59,439
Support Services:		
Pupil	286,273	233,356
Instructional Staff	1,058,566	891,185
Board of Education	28,906	34,204
Administration	883,185	652,195
Fiscal	115,701	67,338
Operation and Maintenance of Plant	26,015	48,203
Pupil Transportation	356,527	211,278
Central	51,295	20,472
Operation of Non-Instructional Services	28,140	21,101
Total Expenses	3,807,196	3,021,760
Increase in Net Assets	421,477	27,052
Net Assets at Beginning of Year	872,372	845,320
Net Assets at End of Year	\$1,293,849	\$872,372

**Gallia-Vinton Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

**Governmental Activities**

Charges for services comprised 39 percent of revenue, while operating grants and contributions comprised 55 percent of revenue for governmental activities of the Gallia-Vinton Educational Service Center for fiscal year 2011. The increase in charges for services was primarily a result of increased revenue for services provided to local school districts related to the 21<sup>st</sup> Century program and after school program. The increase in operating grants and contributions was primarily due to an increase in intergovernmental revenue for the 21<sup>st</sup> Century program and Library program received by the Center during fiscal year 2011. These increases were partially offset by a decrease in intergovernmental revenue for the Help Me Grow program.

As indicated by governmental program expenses, regular instruction and support services for the benefit of the instructional staff and administration is emphasized. Regular instruction, instructional staff support services and administration support services comprised 26 percent, 28 percent and 23 percent of governmental program expenses, respectively. The most significant increases were seen in expenses for regular instruction, instructional staff, and administration which are directly related to the increase in charges for services and operating grants. Special instruction expenses decreased due to expenses related to the Help Me Grow program.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2011 as compared with 2010. That is, it identifies the cost of these services supported by unrestricted State entitlements.

Table 3  
 Total and Net Cost of Program Services  
 Governmental Activities

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$972,588	\$(74,059)	\$842,428	\$6,930
Support Services	2,806,468	(83,788)	2,158,231	60,154
Operation of Non- Instructional	28,140	(5,106)	21,101	(3,229)
<b>Total Expenses</b>	<b>\$3,807,196</b>	<b>\$(162,953)</b>	<b>\$3,021,760</b>	<b>\$63,855</b>

**THE CENTER'S FUNDS**

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$4,229,563 and expenditures and other financing uses of \$3,860,288.

The fund balance of the General Fund increased in the amount of \$116,267. This increase was primarily due to an increase revenues related to the 21<sup>st</sup> Century Grant and after school programs.

The fund balance of the IDEA Preschool Grant for the Handicapped Fund increased \$4,090 and had a (\$4,954) balance at June 30, 2011. This negative fund balance was due excess expenditures within the fund.

The Miscellaneous Federal Grants fund had a \$249,580 increase in fund balance at June 30, 2011 due to a receivable from a library grant.

**Gallia-Vinton Educational Service Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*Unaudited*

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2011, the Center had \$52,586 invested in its capital assets. Table 4 shows the fiscal year 2011 balances compared to 2010.

Table 4  
Capital Assets  
(Net of Accumulated Depreciation)

Governmental Activities

	2011	2010
Furniture and Equipment	\$52,586	\$12,622
Totals	\$52,586	\$12,622

Changes in capital assets from the prior year resulted from additions and depreciation. See Note 4 to the basic financial statements for more detailed information related to capital assets.

**Debt**

At June 30, 2011, the Center did not have any outstanding debt obligations. See Note 9 to the basic financial statements for more detailed information related to other long-term obligations.

**ECONOMIC FACTORS**

The Center relies heavily on grants for its funding. It received the 21<sup>st</sup> Century Grant and the IDEA Preschool Grant for the Handicapped in fiscal year 2011. The Center is continually applying for new grants.

**CONTACTING THE CENTER'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the Center's financial condition and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Lily Blevins, Treasurer, Gallia-Vinton Educational Service Center, P.O. Box 178, Rio Grande, Ohio 45674.

**Gallia-Vinton Educational Service Center**

*Statement of Net Assets*

*June 30, 2011*

	Governmental Activities
<b>ASSETS:</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 1,099,717
Accounts Receivable	1,500
Intergovernmental Receivable	260,977
Noncurrent Assets:	
Depreciable Capital Assets, net	52,586
<i>Total Assets</i>	1,414,780
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	3,462
Accrued Wages and Benefits	25,645
Intergovernmental Payable	22,486
Matured Compensated Absences Payable	5,910
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	1,522
Due in More Than One Year	61,906
<i>Total Liabilities</i>	120,931
<b>NET ASSETS:</b>	
Invested in Capital Assets	52,586
Restricted for Other Purposes	244,626
Unrestricted	996,637
<i>Total Net Assets</i>	\$ 1,293,849

The notes to the basic financial statements are an integral part of this statement.

**Gallia-Vinton Educational Service Center**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
<i>Instruction:</i>				
Regular	\$ 972,453	\$ 239,015	\$ 807,632	\$ 74,194
Special	135	-	-	(135)
<i>Support Services</i>				
Pupil	286,273	218,673	64,427	(3,173)
Instructional Staff	1,058,566	510,238	609,751	61,423
Board of Education	28,906	27,122	-	(1,784)
Administration	883,185	373,444	508,509	(1,232)
Fiscal	115,701	66,110	50,621	1,030
Operation and Maintenance of Plant	26,015	28,817	11,505	14,307
Pupil Transportation	356,527	171,209	195,580	10,262
Central	51,295	22,037	32,213	2,955
Operation of Non-Instructional Services	28,140	8,476	24,770	5,106
<i>Totals</i>	<u>\$ 3,807,196</u>	<u>\$ 1,665,141</u>	<u>\$ 2,305,008</u>	<u>162,953</u>
<b>General Revenues</b>				
Grants and Entitlements not Restricted to Specific Programs				208,575
Investment Earnings				40,517
Miscellaneous				9,432
<i>Total General Revenues</i>				<u>258,524</u>
<i>Change in Net Assets</i>				421,477
<i>Net Assets Beginning of Year</i>				<u>872,372</u>
<i>Net Assets End of Year</i>				<u>\$ 1,293,849</u>

The notes to the basic financial statements are an integral part of this statement

**Gallia-Vinton Educational Service Center**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2011*

	General Fund	IDEA Preschool Grant for the Handicapped	Miscellaneous Federal Grants	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Current Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,097,218	\$ 2	\$ 2,497	\$ -	\$ 1,099,717
Accounts Receivable	1,500	-	-	-	1,500
Interfund Receivable	13,894	-	-	-	13,894
Intergovernmental Receivable	-	10,586	250,391	-	260,977
<i>Total Assets</i>	<u>\$ 1,112,612</u>	<u>\$ 10,588</u>	<u>\$ 252,888</u>	<u>\$ -</u>	<u>\$ 1,376,088</u>
<b>LIABILITIES:</b>					
Current Liabilities					
Accounts Payable	\$ 3,462	\$ -	\$ -	\$ -	\$ 3,462
Accrued Wages and Benefits	25,631	14	-	-	25,645
Interfund Payable	-	10,586	3,308	-	13,894
Intergovernmental Payable	17,544	4,942	-	-	22,486
Matured Compensated Absences Payable	5,910	-	-	-	5,910
<i>Total Liabilities</i>	<u>52,547</u>	<u>15,542</u>	<u>3,308</u>	<u>-</u>	<u>71,397</u>
<b>FUND BALANCES:</b>					
Restricted	-	-	249,580	-	249,580
Unassigned	1,060,065	(4,954)	-	-	1,055,111
<i>Total Fund Balances</i>	<u>1,060,065</u>	<u>(4,954)</u>	<u>249,580</u>	<u>-</u>	<u>1,304,691</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,112,612</u>	<u>\$ 10,588</u>	<u>\$ 252,888</u>	<u>\$ -</u>	<u>\$ 1,376,088</u>

The notes to the basic financial statements are an integral part of this statement

**Gallia-Vinton Educational Service Center**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2011*

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<b>Total Governmental Fund Balances</b>		\$ 1,304,691
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		52,586
Long-term liabilities, including the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(63,428)	
Total		(63,428)
<b>Net Assets of Governmental Activities</b>		<b>\$ 1,293,849</b>

The notes to the basic financial statements are an integral part of this statement.

**Gallia-Vinton Educational Service Center**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General Fund	IDEA Preschool Grant for the Handicapped	Miscellaneous Federal Grants	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Intergovernmental	\$ 208,575	\$ 124,903	\$ 2,113,044	\$ 67,061	\$ 2,513,583
Interest	40,517	-	-	-	40,517
Contract Services	112,246	-	-	-	112,246
Customer Sales and Services	1,552,895	-	-	-	1,552,895
Miscellaneous	9,432	-	-	-	9,432
<i>Total Revenues</i>	<u>1,923,665</u>	<u>124,903</u>	<u>2,113,044</u>	<u>67,061</u>	<u>4,228,673</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular	254,409	-	708,093	9,951	972,453
Special	-	135	-	-	135
Support Services:					
Pupil	230,820	54,136	-	3,000	287,956
Instructional Staff	539,147	50,488	468,796	25,203	1,083,634
Board of Education	28,906	-	-	-	28,906
Administration	440,507	5,136	423,456	24,845	893,944
Fiscal	69,764	-	45,937	-	115,701
Operation and Maintenance of Plant	29,789	10,918	-	-	40,707
Pupil Transportation	181,363	-	175,164	-	356,527
Central	22,782	-	28,513	-	51,295
Operation of Non-Instructional Services	9,021	-	13,505	5,614	28,140
<i>Total Expenditures</i>	<u>1,806,508</u>	<u>120,813</u>	<u>1,863,464</u>	<u>68,613</u>	<u>3,859,398</u>
Excess of Revenues Over (Under) Expenditures	117,157	4,090	249,580	(1,552)	369,275
<i>Other Financing Sources and Uses</i>					
Transfers In	-	-	-	890	890
Transfers Out	(890)	-	-	-	(890)
<i>Total Other Financing Sources and Uses</i>	<u>(890)</u>	<u>-</u>	<u>-</u>	<u>890</u>	<u>-</u>
<i>Net Changes in Fund Balances</i>	116,267	4,090	249,580	(662)	369,275
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>943,798</u>	<u>(9,044)</u>	<u>-</u>	<u>662</u>	<u>935,416</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$ 1,060,065</u>	<u>\$ (4,954)</u>	<u>\$ 249,580</u>	<u>\$ -</u>	<u>\$ 1,304,691</u>

The notes to the basic financial statements are an integral part of this statement.

**Gallia-Vinton Educational Service Center**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2011*

**Net Change in Fund Balances - Total Governmental Funds** \$ 369,275

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.

Capital Asset Additions	47,491	
Current Year Depreciation	<u>(7,527)</u>	
Total		39,964

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Decrease in Compensated Absences	<u>12,238</u>
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**Net Change in Net Assets of Governmental Activities** \$ 421,477

The notes to the basic financial statements are an integral part of this statement.

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 1 - DESCRIPTION OF THE ENTITY**

***Description of the Educational Service Center:***

The Gallia-Vinton Educational Service Center (the Center) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Center is a County Educational Service Center as defined by Section 3311.05 of the Ohio Revised Code. The Center is an administrative entity providing supervision and certain other services to the local school districts located in Gallia and Vinton Counties. It currently operates under a Governing Board form of government consisting of three (3) members elected from Vinton County and four (4) members elected from Gallia County.

***Reporting Entity:***

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

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Center is obligated for the debt of the organization. Component units may also include organizations for which the Center approves the budget, the issuance of debt or levying of taxes. As of June 30, 2011, the Center had no component units.

The following jointly governed organizations, which perform activities within the Center's boundaries for the benefit of its residents, are excluded from the accompanying financial statements because the Center is not financially accountable for these entities nor are they fiscally dependent on the Center.

Southeast Ohio Voluntary Education Cooperative (SEOVEC)  
Gallia-Jackson-Vinton Joint Vocational School District

The Center also participates in one public entity risk pool:

Ohio School Boards Association Workers' Compensation Group Rating Program

These jointly governed organizations and the public entity risk pool are presented in Note 10 to the basic financial statements.

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

The significant accounting policies followed in the preparation of these basic financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Center's accounting policies are described below.

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***A. Fund Accounting***

The Center uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Center functions or activities.

The Center's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Center functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

***Governmental Funds:***

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

***General Fund*** – The General Fund is the general operating fund of the Center and is used to account for all financial resources, not accounted for and reported in another fund. The General Fund is available to the Center for any purpose provided it is expended or transferred according to the school laws of Ohio.

***Miscellaneous Federal Grants Fund*** – The Miscellaneous Federal Grants Fund is used to account for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere. The major source of revenue for this fund is grant monies received from various federal sources.

***IDEA Preschool Grant for the Handicapped Fund*** – The IDEA Preschool Grant for the Handicapped Fund is used to account for monies received for the improvement and expansion of services for handicapped children. The major source of revenue for this fund is grant monies received from the Department of Education.

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

***B. Basis of Presentation***

The Center's basic financial statements consist of government-wide 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 Center as a whole. These statements include the financial activities of the primary government.

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***Fund Financial Statements:***

During the year, the Center segregates transactions related to certain 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 Center at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

***C. Measurement Focus and Basis of Accounting:***

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Center are included on the statement of net assets. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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

**Basis of Accounting** - Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using the modified accrual basis of accounting for governmental funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues – Exchange and Non-exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Center, available means expected to be received within 60 days of year-end.

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The focus of modified accrual basis accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the costs of accumulated unpaid vacation, personal leave and sick leave. They are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

***D. Cash and Cash Equivalents***

Cash received by the Center is deposited into one of several bank accounts with individual fund balance integrity maintained. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All investment earnings accrue to the General Fund except those specifically related to those funds deemed appropriate according to Board policy. Each fund's interest of the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Interest earned amounted to \$40,517 which was recorded in the General Fund. During fiscal year 2011, the Center did not have any investments.

***E. Capital Assets and Depreciation***

All capital assets of the Center are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of \$1,000. The Center does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture and Equipment	5-10 years

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***F. Compensated Absences***

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the Center will compensate its employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and the employees the Center has identified as probable of receiving payment in the future. The Center records an accrual for sick leave for all employees with six years or more of service. The accrual amount is based upon accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the Center's severance policy.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements and payments made in lieu of vacation. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

***G. Accrued Liabilities and Long-Term Obligations***

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

In general, governmental fund payables and accrued liabilities, once incurred, that are paid in full and in a timely manner from current financial resources, are reported as obligations of the funds. However, special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year.

***H. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

As of June 30, 2011, there were no net assets restricted by enabling legislation.

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***I. Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the 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 classification includes amounts that cannot be spent because they are not in the 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 Center Board. Those committed amounts cannot be used for any other purpose unless the Center 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 Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Center Board.

***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 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.

***J. Estimates***

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

***K. Interfund Activity***

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

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***L. Interfund Balances***

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

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 Center 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 monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the 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 the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;
10. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

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

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

***Deposits:***

Custodial credit risk is the risk that in the event of a bank failure, the Center's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Center's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateralization of public funds.

As of June 30, 2011, the Center's bank balance of \$1,310,829 is either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above. As of June 30, 2011, the Center had no investments.

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2011

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2011, was as follows:

	Ending Balance <u>6/30/2010</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>6/30/2011</u>
<b>Governmental Activities</b>				
Capital Assets Being Depreciated				
Furniture and Equipment	\$ 32,453	\$ 47,491	\$ -	\$ 79,944
Total Capital Assets Being Depreciated	<u>32,453</u>	<u>47,491</u>	<u>-</u>	<u>79,944</u>
Less Accumulated Depreciation:				
Furniture and Equipment	<u>(19,831)</u>	<u>(7,527)</u>	<u>-</u>	<u>(27,358)</u>
Total Accumulated Depreciation	<u>(19,831)</u>	<u>(7,527)</u>	<u>-</u>	<u>(27,358)</u>
Total Capital Assets Being Depreciated, Net	<u>12,622</u>	<u>39,964</u>	<u>-</u>	<u>52,586</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,622</u>	<u>\$ 39,964</u>	<u>\$ -</u>	<u>\$ 52,586</u>

Depreciation expense was charged to governmental functions as follows:

Support Services:	
Instructional Staff	\$ 1,790
Administration	3,626
Operation and Maintenance of Plant	<u>2,111</u>
Total Depreciation Expense	<u>\$ 7,527</u>

**NOTE 5 - RISK MANAGEMENT**

***A. Property and Liability***

The Center is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2011, the Center contracted with The Grange Mutual Casualty Company for property insurance coverage. The policies include a \$500 deductible.

Professional and general liability is protected by the Schools of Ohio Risk Sharing Authority with a \$12,000,000 single occurrence limit with a \$14,000,000 aggregate and no deductible.

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

The Center has had no significant reductions in any of its insurance coverage from that maintained in prior years. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 5 - RISK MANAGEMENT (Continued)**

***B. Workers Compensation***

For the fiscal year 2011, the Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), a public entity risk pool (Note 10). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. 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 saving 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 ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Compmanagement provides administrative, cost control and actuarial services to the GRP.

***C. Employee Medical Benefits***

The Center provides health, major medical and prescription drug for all eligible employees through United Healthcare Insurance Company. The Center provides dental insurance for all eligible employees through Oasis Dental Trust Insurance Company. The Center pays monthly premiums of \$631.22 for individual coverage. Premiums are paid from the same funds that pay the employees' salaries. Employees have the option to purchase coverage for family members at their own expense.

The Center provides life insurance and accidental death and dismemberment insurance to some employees through Anthem Life Insurance Company in the amount of \$25,000 for classified employees, \$20,000 for certified employees, and twice the salary amount for each administrator with a maximum coverage of \$181,000.

**NOTE 6 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

The Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS; Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2011, the allocation to pension and death benefits is 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The Center's contributions to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$14,669, \$25,352, and \$27,924, respectively; 56 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009. \$5,471 represents the unpaid contribution for fiscal year 2011 and is recorded as a liability within the respective funds.

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)**

**State Teachers Retirement System**

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

**Plan Options** – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**DC Plan Benefits** – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

**Combined Plan Benefits** – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)**

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the fiscal years ended June 30, 2011, 2010, and 2009, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. The Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$56,603, \$54,074, and \$65,150, respectively; 82 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. \$10,195 represents the unpaid contribution for fiscal year 2011 and is recorded as a liability within the respective funds.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)**

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011, none of the members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 7 – POSTEMPLOYMENT BENEFITS**

**State Teachers Retirement System**

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan, which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2011, 2010 and 2009. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the Center, these amounts equaled \$4,719, \$3,987, and \$4,320 for fiscal years 2011, 2010, and 2009, respectively, which were equal to the required allocations for each year.

**School Employees Retirement System**

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

**Medicare Part B Plan**

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 7 – POSTEMPLOYMENT BENEFITS (Continued)**

**B. Postemployment Benefits (continued)**

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2011, 2010, and 2009, the actuarially required allocations were 0.76 percent, 0.76 percent, and 0.75 percent, respectively. For the Center, contributions for the fiscal years ended June 30, 2011, 2010, and 2009 were \$1,280, \$971, and \$1,284, which were equal to the required contributions for each year.

**Health Care Plan**

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e).

Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2011, 2010, and 2009, the health care allocations were 1.43 percent, 0.46 percent, and 4.16 percent, respectively. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. For the Center, the amounts assigned to health care, including the surcharge, during the 2011, 2010, and 2009 fiscal years equaled \$5,337, \$3,142, and \$9,189, respectively, which equaled the required allocation for each year.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employer/Audit Resources*.

**NOTE 8 - OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month and may accumulate up to 15 days per year. Upon retirement, after six (6) years of service, any employee will receive payment for one-fourth of accrued sick leave up to a maximum of fifty (50) days.

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**NOTE 9 - LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the Center during fiscal year 2011 were as follows:

	Balance Outstanding At June 30, 2010	Additions	Deletions	Balance Outstanding At June 30, 2011	Amount Due in One Year
Compensated Absences	\$75,666	\$75,267	\$87,505	\$63,428	\$1,522

Compensated absences will be paid from the fund from which the employee is paid with the General Fund being the primary fund to make such payments.

**NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS & PUBLIC ENTITY RISK POOL**

*A. Jointly Governed Organizations*

***Southeast Ohio Voluntary Education Cooperative*** – The Southeast Ohio Voluntary Education Cooperative (SEOVEC) was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Centers. SEOVEC has 28 participants consisting of 25 Centers and 3 educational service centers. SEOVEC is governed by a governing board, which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. To obtain financial information write to Southeast Ohio Voluntary Educational Consortium, Jimmy Battrell, CEO/Director, at 221 North Columbus Road, Athens, Ohio 45701.

***Gallia-Jackson-Vinton Joint Vocational School District*** – Gallia-Jackson-Vinton Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board comprised of eleven members appointed by the participating schools, which possesses its own budgeting and taxing authority. To obtain financial information write to the Gallia-Jackson-Vinton Joint Vocational School, Donalyn Smith, who serves as Treasurer, at 351 Buckeye Hills Road, Rio Grande, Ohio 45674.

*B. Public Entity Risk Pool*

***Ohio School Boards Association Workers' Compensation Group Rating Program*** – The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), a public entity risk pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**NOTE 11 - CONTINGENCIES**

***Grants:***

The Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2011.

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

**NOTE 12 – INTERFUND ACTIVITY**

**Interfund Advances**

As of June 30, 2011, receivables and payables that resulted from interfund transactions were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds:		
General Fund	\$ 13,894	\$ -
IDEA Preschool Grant for the Handicapped Fund	-	10,586
Miscellaneous Federal Grants Fund	-	3,308
Total Major Funds	13,894	13,894
Total All Funds	\$ 13,894	\$ 13,894

The General Fund made an advance to the IDEA Preschool Grant for the Handicapped Special Revenue Fund and the Miscellaneous Federal Grants Special Revenue Fund of the Center in anticipation of grant monies to be received by these funds.

**Transfers**

Transfers made during the year ended June 30, 2011, were as follows:

	<u>Transfer From</u>	<u>Transfer To</u>
Major Fund:		
General Fund	\$ 890	\$ -
Nonmajor Fund:		
Lunchroom Fund	-	890
Total All Funds	\$ 890	\$ 890

Transfers were made from the General Fund to move unrestricted balances to support programs and projects accounted for in the Lunchroom Fund.

**NOTE 13 – RECEIVABLES**

Receivables at June 30, 2011, consisted of accounts receivable, interfund receivables, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Major Funds:	
IDEA Preschool Grant for the Handicapped	\$ 10,586
Miscellaneous Federal Grants	250,391
Total All Funds	\$260,977

**Gallia-Vinton Educational Service Center**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2011

**NOTE 14 – ACCOUNTABILITY**

At June 30, 2011, the IDEA Preschool Grant for the Handicapped Special Revenue Funds had a fund balance deficit of \$4,954, which was created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 15 – CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2011, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

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 had no effect on beginning fund balance in the Center's financial statements.

**NOTE 16 – FUND BALANCES**

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

Fund Balances	General	IDEA Preschool Grant for the Handicapped	Miscellaneous Federal Grants	Total Governmental Funds
<b>Restricted for</b>				
Other Purposes	0	0	249,580	249,580
Total Restricted	<u>0</u>	<u>0</u>	<u>249,580</u>	<u>249,580</u>
<b>Unassigned (Deficit)</b>	1,060,065	(4,954)	0	1,055,111
Total Fund Balances	<u>\$1,060,065</u>	<u>(\$4,954)</u>	<u>\$249,580</u>	<u>\$1,304,691</u>

**Gallia-Vinton Educational Service Center**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2011*

	Budget Amounts		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 179,095	\$ 298,321	\$ 320,821	\$ 22,500
Interest	24,528	40,517	40,517	-
Customer Sales and Services	1,218,136	1,581,395	1,551,395	(30,000)
Miscellaneous	-	428,346	7,962	(420,384)
<i>Total Revenues</i>	<u>1,421,759</u>	<u>2,348,579</u>	<u>1,920,695</u>	<u>(427,884)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	-	503,861	254,409	249,452
Support Services:				
Pupil	227,200	233,397	233,395	2
Instructional Staff	378,000	702,357	540,565	161,792
Board of Education	54,575	29,060	29,060	-
Administration	275,000	559,262	431,417	127,845
Fiscal	46,500	75,714	72,713	3,001
Operation and Maintenance of Plant	53,000	29,789	29,789	-
Pupil Transportation	40,000	240,410	181,363	59,047
Central	11,200	26,353	22,782	3,571
Operation of Non-instructional Services	-	15,142	9,021	6,121
<i>Total Expenditures</i>	<u>1,085,475</u>	<u>2,415,345</u>	<u>1,804,514</u>	<u>610,831</u>
Excess of Revenues Over (Under) Expenditures	<u>336,284</u>	<u>(66,766)</u>	<u>116,181</u>	<u>182,947</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Refund of Prior Year Expenditures	1,193	1,970	1,970	-
Transfers In	32,596	53,845	-	(53,845)
Advances In	17,249	28,493	22,539	(5,954)
Transfers Out	-	(196,530)	(890)	195,640
Advances Out	-	(22,894)	(13,894)	9,000
<i>Total Other Financing Sources (Uses)</i>	<u>51,038</u>	<u>(135,116)</u>	<u>9,725</u>	<u>144,841</u>
Net Change in Fund Balance	387,322	(201,882)	125,906	327,788
Fund Balance at Beginning of Year	<u>971,312</u>	<u>971,312</u>	<u>971,312</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,358,634</u>	<u>\$ 769,430</u>	<u>\$ 1,097,218</u>	<u>\$ 327,788</u>

See accompanying notes to supplementary information

**Gallia-Vinton Educational Service Center**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*IDEA Preschool Grant for the Handicapped Fund*  
*For the Fiscal Year Ended June 30, 2011*

	Budget Amounts		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 182,788	\$ 136,704	\$ 126,026	\$ (10,678)
<i>Total Revenues</i>	182,788	136,704	126,026	(10,678)
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Special	77,220	-	-	-
Support Services:				
Pupils	-	53,890	52,765	1,125
Instructional Staff	82,074	56,778	56,082	696
Administration	7,516	5,136	5,136	-
Operation and Maintenance of Plant	15,978	10,918	10,918	-
<i>Total Expenditures</i>	182,788	126,722	124,901	1,821
Excess of Revenues Over (Under) Expenditures	-	9,982	1,125	(8,857)
<b>OTHER FINANCING SOURCES (USES):</b>				
Advances In	-	-	10,586	10,586
Advances Out	-	-	(11,709)	(11,709)
<i>Total Other Financing Sources (Uses)</i>	-	-	(1,123)	(1,123)
Net Change in Fund Balance	-	9,982	2	(9,980)
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ 9,982	\$ 2	\$ (9,980)

See accompanying notes to supplementary information.

**Gallia-Vinton Educational Service Center**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Miscellaneous Federal Grant Fund*  
*For the Fiscal Year Ended June 30, 2011*

	Budget Amounts		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 2,854,940	\$ 1,864,507	\$ 1,873,483	\$ 8,976
<i>Total Revenues</i>	2,854,940	1,864,507	1,873,483	8,976
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	1,084,842	938,227	708,093	230,134
Support Services:				
Instructional Staff	718,223	476,082	468,796	7,286
Administration	648,761	425,366	423,456	1,910
Fiscal	70,378	54,603	45,937	8,666
Pupil Transportation	268,362	175,164	175,164	-
Central	43,684	28,513	28,513	-
Operation of Non-instructional Services	20,690	13,505	13,505	-
<i>Total Expenditures</i>	2,854,940	2,111,460	1,863,464	247,996
Excess of Receipts Over (Under) Disbursements	-	(246,953)	10,019	256,972
<b>OTHER FINANCING SOURCES (USES):</b>				
Advances In	-	-	3,308	3,308
Advances Out	-	-	(10,830)	(10,830)
Total Other Financing Sources (Uses)	-	-	(7,522)	(7,522)
Net Change in Fund Balance	-	(246,953)	2,497	249,450
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ (246,953)	\$ 2,497	\$ 249,450

See accompanying notes to supplementary information.

**Gallia-Vinton Educational Service Center**  
*Notes to Supplementary Information*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 1 – Budgetary Process**

The Center is no longer required under State statute to file budgetary information with the State Department of Education. However, the Center's Board does follow the budgetary process for control purposes.

The Center's Governing Board budgets for resources estimated to be received during the fiscal year. The estimated revenues may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts of estimated revenues when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedules reflect the amounts of the estimated revenues in effect at the time final appropriations were passed by the Governing Board.

The 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 Governing Board. The level of control has been established by the Governing 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.

Throughout the fiscal year, appropriations may be amended or supplemented as circumstances warrant. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts on the budgetary schedules represent the final appropriation amounts passed by the Governing Board during the fiscal year.

**Note 2 – Budgetary Basis of Accounting**

While the Center is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis is based upon the accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – for the General Fund, IDEA Preschool Grant for the Handicapped, and the Miscellaneous Federal Grant Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance (GAAP basis).

**Gallia-Vinton Educational Service Center**  
*Notes to Supplementary Information*  
For the Fiscal Year Ended June 30, 2011

**Note 2 – Budgetary Basis of Accounting** *(Continued)*

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis schedules for the General Fund and the IDEA Preschool Grant for the Handicapped, and the Miscellaneous Federal Grants Special Revenue Funds.

	Net Changes in Fund Balances		
	<u>General</u>	<u>IDEA Preschool Grant for the Handicapped</u>	<u>Miscellaneous Federal Grants</u>
GAAP Basis	\$ 116,267	\$ 4,090	\$ 249,580
Adjustments:			
Revenue Accruals	(1,000)	1,123	(239,561)
Expenditure Accruals	1,994	(4,088)	-
Advances In	22,539	10,586	3,308
Advances Out	(13,894)	(11,709)	(10,830)
Budget Basis	<u>\$ 125,906</u>	<u>\$ 2</u>	<u>\$ 2,497</u>

Gallia-Vinton Educational Service Center  
 Gallia County  
 Schedule of Federal Awards Receipts and Expenditures  
 For the Year Ended June 30, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>United States Department of Agriculture</b>				
<i>Passed through Ohio Department of Education</i>				
National School Lunch Program	3L60	10.555	\$ 4,061	\$ 4,061
<b>Total United States Department of Agriculture</b>			4,061	4,061
<b>United States Department of Education</b>				
<i>Fund for the Improvement of Education</i>				
Improving Literacy Through School Libraries	Direct	84.215X	166,650	166,650
	Direct	84.364A	104,500	102,002
<i>Passed through Ohio Department of Education</i>				
Twenty-First Century Community Learning Centers	3Y20	84.287	1,354,034	1,354,034
Mathematics and Science Partnerships	3D20	84.366	177,914	177,914
Improving Teacher Quality State Grants	3Y60	84.367	60,000	60,000
<b>Total United States Department of Education</b>			1,863,098	1,860,600
<b>Total Federal Financial Assistance</b>			<u>\$ 1,867,159</u>	<u>\$ 1,864,661</u>

N/A - Not Available

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures

**Gallia-Vinton Educational Service Center  
Notes to the Schedule of Federal Awards Receipts and Expenditures  
For the Fiscal Year Ended June 30, 2011**

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**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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



## Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Members of the Board  
Gallia-Vinton Educational Service Center  
P.O. Box 178  
Rio Grande, OH 45674

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gallia-Vinton Educational Service Center, Gallia County, Ohio (the Center) as of and for the year ended June 30, 2011, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 14, 2011, wherein we noted the enter implemented GASB 54 Statement No. 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 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 Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 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 to be material weaknesses, as defined above.

Members of the Board  
Gallia-Vinton Educational Service Center  
Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Required by *Government Auditing Standards*  
Page 2

#### **Compliance and Other Matters**

As part of reasonably assuring whether the 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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



Balestra, Harr & Scherer, CPAs, Inc.  
December 14, 2011



## Balestra, Harr & Scherer, CPAs, Inc.

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### **Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133**

Members of the Board  
Gallia-Vinton Educational Service Center  
P.O. Box 178  
Rio Grande, OH 45674

#### **Compliance**

We have audited the compliance of Gallia-Vinton Educational Service Center, (the Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect Gallia-Vinton Educational Service Center's major federal program for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Center's major federal program. The 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 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 Center's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Center's compliance with those requirements.

In our opinion, the Gallia-Vinton 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, 2011.

#### **Internal Control Over Compliance**

The Center's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with the 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 Center's internal control over compliance.

**bhs**

Circleville

Ironton

Piketon

Wheelersburg

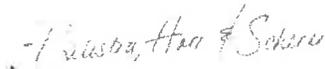
Worthington

Members of the Board  
Gallia-Vinton Educational Service Center  
Report on Compliance With Requirements Applicable to Each Major Federal Program  
and on Internal Control Over Compliance Required by OMB Circular A-133  
Page 2

*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 the 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 Board Members, federal awarding agencies, pass-through entities and others within the Center. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
December 14, 2011

Gallia-Vinton Educational Service Center  
 Schedule of Findings  
 OMB CIRCULAR A-133 SECTION .505  
 June 30, 2011

**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)?	No
(d)(1)(iv)	Were there any material 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 Section .510?	No
(d)(1)(vii)	Major Program(s) (list):	Twenty-First Century Community Learning Centers CFDA#84.287
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

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

None.

Gallia-Vinton Educational Service Center  
 Schedule of Prior Audit Findings  
 OMB CIRCULAR A-133 SECTION .315(b)  
 June 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-001	The Center did not submit the data collection form and reporting package within the required time frame for fiscal year 2009.	Yes	



Name	Census Population			Percent Change 2000 to 2010	Percent Change 1990 to 2000
	2010	2000	1990		
<b>Ohio</b>	<b>11,536,504</b>	<b>11,355,140</b>	<b>10,849,105</b>	<b>1.6%</b>	<b>4.7%</b>
Adams County	28,550	27,330	25,371	4.5%	7.7%
Allen County	106,331	108,473	109,755	-2.0%	-1.2%
Ashland County	53,139	52,523	47,507	1.2%	10.6%
Ashtabula County	101,497	102,728	99,821	-1.2%	2.9%
Athens County	64,757	62,223	59,549	4.1%	4.5%
Auglaize County	45,949	46,611	44,585	-1.4%	4.5%
Belmont County	70,400	70,226	71,074	0.2%	-1.2%
Brown County	44,846	42,285	34,966	6.1%	20.9%
Butler County	368,130	332,807	291,479	10.6%	14.2%
Carroll County	28,836	28,836	26,521	0.0%	8.7%
Champaign County	40,097	38,890	36,019	3.1%	8.0%
Clark County	138,333	144,742	147,548	-4.4%	-1.9%
Clermont County	197,363	177,977	150,187	10.9%	18.5%
Clinton County	42,040	40,543	35,415	3.7%	14.5%
Columbiana County	107,841	112,075	108,276	-3.8%	3.5%
Coshocton County	36,901	36,655	35,427	0.7%	3.5%
Crawford County	43,784	46,966	47,870	-6.8%	-1.9%
Cuyahoga County	1,280,122	1,393,978	1,412,140	-8.2%	-1.3%
Darke County	52,959	53,309	53,619	-0.7%	-0.6%
Defiance County	39,037	39,500	39,350	-1.2%	0.4%
Delaware County	174,214	109,989	66,929	58.4%	64.3%
Erie County	77,079	79,551	76,779	-3.1%	3.6%
Fairfield County	146,156	122,759	103,461	19.1%	18.7%
Fayette County	29,030	28,433	27,466	2.1%	3.5%
Franklin County	1,163,414	1,068,978	961,437	8.8%	11.2%
Fulton County	42,698	42,084	38,498	1.5%	9.3%
Gallia County	30,934	31,069	30,954	-0.4%	0.4%
Geauga County	93,389	90,895	81,129	2.7%	12.0%
Greene County	161,573	147,886	136,731	9.3%	8.2%
Guernsey County	40,087	40,792	39,024	-1.7%	4.5%
Hamilton County	802,374	845,303	866,228	-5.1%	-2.4%
Hancock County	74,782	71,295	65,536	4.9%	8.8%
Hardin County	32,058	31,945	31,111	0.4%	2.7%
Harrison County	15,864	15,856	16,085	0.1%	-1.4%
Henry County	28,215	29,210	29,108	-3.4%	0.4%
Highland County	43,589	40,875	35,728	6.6%	14.4%
Hocking County	29,380	28,241	25,533	4.0%	10.6%
Holmes County	42,366	38,943	32,849	8.8%	18.6%
Huron County	59,626	59,487	56,240	0.2%	5.8%
Jackson County	33,225	32,641	30,230	1.8%	8.0%
Jefferson County	69,709	73,894	80,298	-5.7%	-8.0%
Knox County	60,921	54,500	47,473	11.8%	14.8%
Lake County	230,041	227,511	215,499	1.1%	5.6%
Lawrence County	62,450	62,319	61,834	0.2%	0.8%
Licking County	166,492	145,491	128,300	14.4%	13.4%
Logan County	45,858	46,005	42,310	-0.3%	8.7%
Lorain County	301,356	284,664	271,126	5.9%	5.0%

Ohio  
2010 Census Population For Counties



Department of  
Development

Name	Census Population			Percent	Percent
	2010	2000	1990	Change 2000 to 2010	Change 1990 to 2000
Lucas County	441,815	455,054	462,361	-2.9%	-1.6%
Madison County	43,435	40,213	37,068	8.0%	8.5%
Mahoning County	238,823	257,555	264,806	-7.3%	-2.7%
Marion County	66,501	66,217	64,274	0.4%	3.0%
Medina County	172,332	151,095	122,354	14.1%	23.5%
Meigs County	23,770	23,072	22,987	3.0%	0.4%
Mercer County	40,814	40,924	39,443	-0.3%	3.8%
Miami County	102,506	98,868	93,182	3.7%	6.1%
Monroe County	14,642	15,180	15,497	-3.5%	-2.0%
Montgomery County	535,153	559,062	573,809	-4.3%	-2.6%
Morgan County	15,054	14,897	14,194	1.1%	5.0%
Morrow County	34,827	31,628	27,749	10.1%	14.0%
Muskingum County	86,074	84,585	82,068	1.8%	3.1%
Noble County	14,645	14,058	11,336	4.2%	24.0%
Ottawa County	41,428	40,985	40,029	1.1%	2.4%
Paulding County	19,614	20,293	20,488	-3.3%	-1.0%
Perry County	36,058	34,078	31,557	5.8%	8.0%
Pickaway County	55,698	52,727	48,255	5.6%	9.3%
Pike County	28,709	27,695	24,249	3.7%	14.2%
Portage County	161,419	152,061	142,585	6.2%	6.6%
Preble County	42,270	42,337	40,113	-0.2%	5.5%
Putnam County	34,499	34,726	33,819	-0.7%	2.7%
Richland County	124,475	128,852	126,137	-3.4%	2.2%
Ross County	78,064	73,345	69,330	6.4%	5.8%
Sandusky County	60,944	61,792	61,963	-1.4%	-0.3%
Scioto County	79,499	79,195	80,327	0.4%	-1.4%
Seneca County	56,745	58,683	59,733	-3.3%	-1.8%
Shelby County	49,423	47,910	44,915	3.2%	6.7%
Stark County	375,586	378,098	367,585	-0.7%	2.9%
Summit County	541,781	542,899	514,990	-0.2%	5.4%
Trumbull County	210,312	225,116	227,813	-6.6%	-1.2%
Tuscarawas County	92,582	90,914	84,090	1.8%	8.1%
Union County	52,300	40,909	31,969	27.8%	28.0%
Van Wert County	28,744	29,659	30,464	-3.1%	-2.6%
Vinton County	13,435	12,806	11,098	4.9%	15.4%
Warren County	212,693	158,383	113,909	34.3%	39.0%
Washington County	61,778	63,251	62,254	-2.3%	1.6%
Wayne County	114,520	111,564	101,461	2.6%	10.0%
Williams County	37,642	39,188	36,956	-3.9%	6.0%
Wood County	125,488	121,065	113,269	3.7%	6.9%
Wyandot County	22,615	22,908	22,254	-1.3%	2.9%

Source: Census 2010, U.S. Census Bureau.

Prepared by: Office of Policy, Research, and Strategic Planning, Ohio Department of Development.

# Local Government Innovation Fund Program

*Application Score* £ £

<b>Lead Applicant</b>	
<b>Project Name</b>	

	<b>Grant Application</b>
--	--------------------------

**or**

	<b>Loan Application</b>
--	-------------------------

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		
		Applicant provided more than minimum requirements but did not provide additional justification or support	3		
		Applicant provided minimal financial information	1		
		<b>Points</b>			
<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		
		Applicant does not have a secondary repayment source.	0		
		<b>Points</b>			
<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		
		40-69.99%	3		
		10-39.99%	1		
		<b>Points</b>			
<b>Total Section Points</b>					

### 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 <b>smallest</b> 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		
		Applicant (or collaborative partner) is a county but has less than 235,000	5		
		Applicant (or collaborative partner) is not a county but has a population 20,001 or greater.	3		
		Applicant (or collaborative partner) is a county with a population of 235,001 residents or more	3		
		<b>Points</b>			
<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		
		Single applicant	1		
		<b>Points</b>			
<b>Total Section Points</b>					

## 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		
		25.01% to 74.99%	20		
		Less than 25%	10		
			<b>Points</b>		
<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		
		No	0		
			<b>Points</b>		
<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		
		The project is either scalable or replicable	5		
		Does not apply	0		
			<b>Points</b>		
<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		
		Not Provided	0		
			<b>Points</b>		
<b>Total Section Points</b>					

### 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		
		Project does not implement a recommendation from an audit and is not informed by benchmarking	0		
			<b>Points</b>		
<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		
		Applicant mentions but does not prove economic impact	3		
		Applicant does not demonstrate an economic impact	0		
			<b>Points</b>		
<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		
		No	0		
			<b>Points</b>		
<b>Total Section Points</b>					

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
Section 1: Financing Measures			
Section 2: Collaborative Measures			
Section 3: Success Measures			
Section 4: Significance Measures			
<b>Total Base Points:</b>			

**Reviewer Comments**



April 2, 2012

Dr. Shockley  
Gallia Vinton Educational Service Center  
60 Ridge Avenue  
P.O. Box 178, Room 131, Wood Hall  
Rio Grande, Ohio 45674

RE: Application Cure Letter

Dear Dr. Shockley:

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:** Gallia Vinton ESC  
**Project Name:** Rio Connections: Shared Services Project  
**Request Type:** Grant

### Issues for Response

#### 1. 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
Total	\$111,111

###### **Uses of Funds**

Consultant Fees for Study	\$111,111
Total	\$111,111

**Total Project Cost: \$111,111**

#### 2. Match

For **in-kind contributions**, please provide documentation as outlined in section 2.06 of the Local Government Innovation Fund program policies. Certification of in-kind contributions may only be made for past investments. Anticipated in-kind contributions must be certified **after** the contribution is made.

**Budget of Anticipated Costs  
Rio Connections: Shared Services Project  
Feasibility Study FY13**

<b>Categories</b>	<b>Justification</b>	<b>DOD Amount Requested</b>	<b>In-Kind Match</b>	<b>Total Project Cost</b>
Personnel	Supt. 150 Hrs X \$70 Grants Writer 150 Hrs X \$45 Fiscal Officer 40 Hrs X \$50 URG Grants Rep 20 Hrs X \$65		\$10,500 \$6,750  \$2,000  \$1,300 (General Fund)	\$20,550
Fringes	18%		\$3,699 (General Fund)	\$3,699
Purchased Services	Feasibility Study Consultant 50 Days @\$400 ESC Consultants 3 X \$175 X 25 Days URG Consultants 2 X \$175 X 7 Days	\$20,000  \$13,125  \$2,450		\$35,575
Other	Fiscal Officer 50 Hrs X \$50 Secretarial 236 Hrs X \$25 Focus Group Meetings 3 X \$100 NGT Evaluation Sessions 4 X \$250 Meeting Space/Tech Fees (URG) 4 Room @ \$250; Tech Fees 20 @ \$50	\$2,500  \$3,500 \$300  \$1,000	\$2,400       \$2,000 (General Fund)	\$11,700
<b>TOTAL</b>		<b>\$42,875 LGIF Request</b>	<b>\$28,649 (40%) In-Kind Match</b>	<b>\$71,524 TOTAL Project Cost</b>