



Dave Yost • Auditor of State



**AREA COOPERTIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY  
JUNE 30, 2017**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Area Cooperative Computerized Educational Service System  
Mahoning County  
7320 N. Palmyra Road  
Canfield, Ohio 44406

To the Members of the Assembly and Board of Directors:

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

We have audited the accompanying cash-basis financial statements of the Area Cooperative Computerized Educational Service System, Mahoning County, Ohio (ACCESS) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Area Cooperative Computerized Educational Service System's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the Area Cooperative Computerized Educational Service System, Mahoning County, Ohio, as of June 30, 2017, and the respective changes in cash financial position for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of ACCESS's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACCESS's internal control over financial reporting and compliance.



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

December 22, 2017

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

The discussion and analysis of the Area Cooperative Computerized Educational Service System, Mahoning County ("ACCESS") financial performance provides an overall review of ACCESS's financial activities for fiscal year 2017, within the limitations of ACCESS's cash basis of accounting. The intent of this discussion and analysis is to look at ACCESS's financial performance as a whole; readers should also review the notes to the cash-basis financial statements and cash-basis financial statements to enhance their understanding of ACCESS's financial performance.

**Financial Highlights**

Key financial highlights for 2017 are as follows:

- In total, net cash position was \$1,191,412 at June 30, 2017, which is an increase of \$117,755 from June 30, 2016.
- ACCESS had operating cash receipts of \$1,501,771 and operating cash disbursements of \$2,864,475 for fiscal year 2017. ACCESS also received \$1,649,814 in non-operating cash receipts (intergovernmental receipts), and had \$169,355 in non-operating disbursements (capital lease payments and capital outlay).

**Using these Cash-Basis Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to ACCESS's cash basis of accounting. This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand ACCESS's financial activities. The *statement of net position – cash basis* and the *statement of cash receipts, cash disbursements, and changes in net cash position* provide information about the activities of ACCESS.

**Reporting ACCESS's Financial Activities**

***Statement of Net Position – Cash Basis and Statement of Cash Receipts, Cash Disbursements, and Changes in Net Cash Position***

These documents look at all financial transactions and ask the question, "How did we do financially during 2017?" The statement of net position – cash basis and the statement of cash receipts, cash disbursements, and changes in net cash position answer this question. These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report ACCESS's net position and changes in that position on a cash basis. This change in net cash position is important because it tells the reader that, for ACCESS as a whole, the cash basis financial position of ACCESS has improved or diminished.

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

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

The table below provides a summary of ACCESS's net cash position at June 30, 2017 and June 30, 2016.

**Net Position - Cash Basis**

	<u>2017</u>	<u>2016</u>
<b><u>Assets</u></b>		
Current assets	\$ <u>1,191,412</u>	\$ <u>1,073,657</u>
<b><u>Net cash position</u></b>		
Unrestricted	\$ <u>1,191,412</u>	\$ <u>1,073,657</u>

Over time, net cash position can serve as a useful indicator of a government's financial position. At June 30, 2017, ACCESS's net cash position totaled \$1,191,412, all of which is reported as unrestricted. Current assets consist entirely of cash and cash equivalents.

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

The table below shows the changes in net cash position for fiscal years 2017 and 2016.

**Change in Net Cash Position**

	<u>2017</u>	<u>2016</u>
<b><u>Operating cash receipts:</u></b>		
Membership contributions	\$ 1,501,068	\$ 1,619,784
Other	<u>703</u>	<u>-</u>
Total operating cash receipts	<u>1,501,771</u>	<u>1,619,784</u>
<b><u>Operating cash disbursements:</u></b>		
Personal services	890,014	819,767
Employees' retirement and insurance	331,981	273,500
Purchased services	982,022	762,474
Materials and supplies	409,493	342,964
Other	<u>250,965</u>	<u>307,415</u>
Total operating cash disbursements	<u>2,864,475</u>	<u>2,506,120</u>
<b><u>Non-operating cash receipts (disbursements):</u></b>		
Intergovernmental	1,649,814	1,670,768
Interest income	-	6,278
Capital outlay	(4,628)	(103,712)
Capital lease payments	(164,727)	(128,801)
Miscellaneous receipts	<u>-</u>	<u>341</u>
Total non-operating cash receipts (disbursements)	<u>1,480,459</u>	<u>1,444,874</u>
Change in net cash position	117,755	558,538
Net cash position at beginning of year	<u>1,073,657</u>	<u>515,119</u>
Net cash position at end of year	<u>\$ 1,191,412</u>	<u>\$ 1,073,657</u>

Operating cash receipts consist primarily of membership contributions (charges to members for services). These receipts decreased in fiscal year 2017 due to the expiration of a fiber optics maintenance agreement. In addition, membership contributions were higher in fiscal year 2016 due to collections on past due accounts and roster verification services which were not required by ACCESS's members in fiscal year 2017.

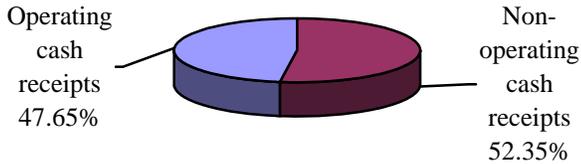
Total operating cash disbursements in fiscal year 2017 were \$358,355, or 14.3%, higher than in fiscal year 2016. The increase is primarily a result of higher employee wages and benefits costs due to the employment of additional staff and an increase in purchased services disbursements for maintenance and support services related to ACCESS's fiber optics network.

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

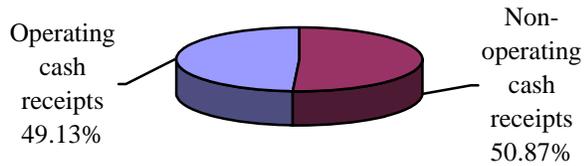
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

The charts below illustrate the cash receipts and disbursements for ACCESS for fiscal years 2017 and 2016.

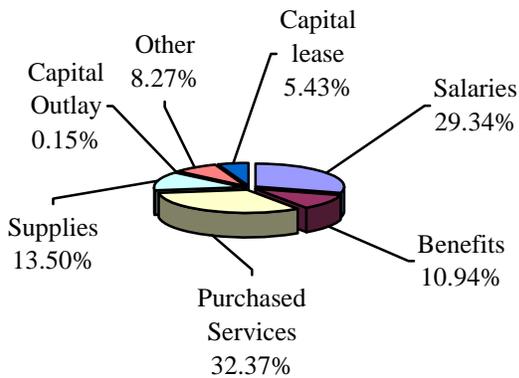
**2017 Cash Receipts**



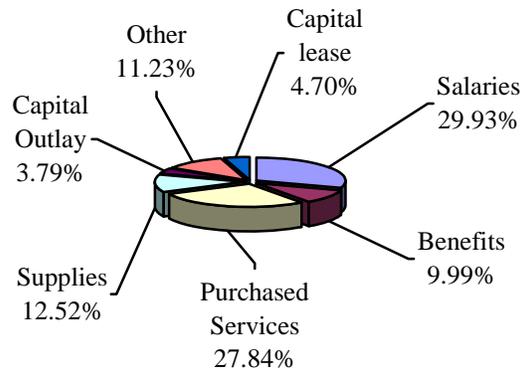
**2016 Cash Receipts**



**2017 Cash Disbursements**



**2016 Cash Disbursements**



**Current Financial Related Activities**

ACCESS is one of 18 Informational Technology Centers in Ohio created to provide comprehensive, cost-efficient, accounting and computer services to its members in Columbiana and Mahoning counties. ACCESS's main source of revenue is contracted service revenue from the member school districts, community schools, non-public schools and the Northeast Ohio Special Education Regional Resource Center. ACCESS also receives funding from the State of Ohio and the federal government. ACCESS will continue to utilize intergovernmental revenue and contracted service revenue to provide these services in an efficient and effective manner.

**Contacting ACCESS's Financial Management**

This financial report is designed to provide our member districts and citizens with a general overview of ACCESS's finances and to show ACCESS's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Brian Stidham, Treasurer, Area Cooperative Computerized Educational Service System, 7320 N. Palmyra Road, Suite 127, Canfield, Ohio 44406.

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2017

**Assets:**

Current assets:

Cash and cash equivalents. . . . .	\$ 1,191,412
Total assets . . . . .	<u>1,191,412</u>

**Net cash position:**

Unrestricted . . . . .	<u>1,191,412</u>
Total net cash position. . . . .	<u><u>\$ 1,191,412</u></u>

SEE ACCOMPANYING NOTES TO THE CASH-BASIS FINANCIAL STATEMENTS

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGES IN NET CASH POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<b>Operating cash receipts:</b>	
Membership contributions . . . . .	\$ 1,501,068
Other . . . . .	703
Total operating cash receipts. . . . .	<u>1,501,771</u>
<b>Operating cash disbursements:</b>	
Personal services . . . . .	890,014
Employees' retirement and insurance. . . . .	331,981
Purchased services . . . . .	982,022
Materials and supplies . . . . .	409,493
Other . . . . .	250,965
Total operating cash disbursements . . . . .	<u>2,864,475</u>
Operating income (loss) . . . . .	<u>(1,362,704)</u>
<b>Non-operating cash receipts</b>	
<b>(disbursements):</b>	
Intergovernmental . . . . .	1,649,814
Capital outlay. . . . .	(4,628)
Capital lease payments . . . . .	<u>(164,727)</u>
Total non-operating cash receipts	
(disbursements) . . . . .	<u>1,480,459</u>
Change in net cash position. . . . .	117,755
<b>Net cash position at beginning of year . . . . .</b>	<u>1,073,657</u>
<b>Net cash position at end of year. . . . .</b>	<u>\$ 1,191,412</u>

SEE ACCOMPANYING NOTES TO THE CASH-BASIS FINANCIAL STATEMENTS

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

Effective July 1, 2001, the Area Cooperative Computerized Educational Service System (“ACCESS”) reorganized pursuant to the provisions of Ohio Revised Code Chapter 167 as a regional council of governments that will allow ACCESS to provide services to other governmental agencies and other private persons and entities. ACCESS is directed by an Assembly, which acts as the Legislative Body, consisting of the Superintendent, or his/her designee, from each member School District. The Assembly appoints a Board of Directors, which acts as the Managerial Body, consisting of the Mahoning County and Columbiana County Educational Service Center Superintendents, two Superintendents, and one treasurer from each Mahoning County and Columbiana County member School District. ACCESS provides a shared computer site to develop and implement efficient and effective data processing services for its members.

ACCESS’s management believes these cash-basis financial statements present all activities for which ACCESS is financially accountable.

As discussed further in Note 2.B., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of ACCESS’s accounting policies.

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

**A. Basis of Accounting**

ACCESS’s basic financial statements consist of a statement of net position - cash basis and statement of cash receipts, cash disbursements and changes in net cash position.

**B. Basis of Presentation**

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

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

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Operating cash receipts are those receipts that are generated directly from the primary activity of ACCESS. Operating cash disbursements are necessary costs incurred to provide the service that is the primary activity of ACCESS. All cash receipts and disbursements not meeting this definition are reported as non-operating.

**C. Cash and Cash Equivalents**

To improve cash management, all cash received by ACCESS is pooled in centralized bank accounts. Monies are maintained in these accounts or temporarily used to purchase short-term investments. For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

**D. Budgetary Process**

ACCESS is not bound by the budgetary laws prescribed by the Ohio Revised Code. ACCESS does pass an annual budget for the fiscal year. Modifications to the budget are approved by the Board when necessary.

**E. Inventory and Prepaid Items**

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

**F. Capital Assets**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment, and unused sick leave upon retirement. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by ACCESS.

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

ACCESS recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Note 5 and Note 6, the employer contributions include portions for pension benefits and for postemployment health care benefits.

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

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**I. Net Cash Position**

Net cash position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. ACCESS had no restricted net cash position at fiscal year-end.

**J. Intergovernmental Revenue**

Intergovernmental grants and entitlements are recognized as non-operating receipts in the accounting period in which the money is received. ACCESS received \$365,428 and \$1,284,386 in State and Federal grants, respectively, for fiscal year 2017.

**NOTE 3 - CAPITAL LEASE OBLIGATIONS**

During fiscal year 2015, ACCESS entered into a lease purchase agreement to acquire computer hardware and software for a wireless connectivity project. The lease obligation of \$229,735 bears an interest rate of 2.7734% and is payable in four annual payments of \$61,219, including interest. The first payment was made in fiscal year 2015 and the final payment date is June 1, 2018. ACCESS pays this obligation from member contributions.

During fiscal year 2016, ACCESS entered into a lease agreement to acquire computer hardware and related equipment to upgrade ACCESS's fiber optics network. The \$1,053,834 lease obligation bears an interest rate of 2.37% and is payable in seven annual installments beginning on May 1, 2017, with the final payment due on May 1, 2023. ACCESS will pay this obligation from member contributions.

The following is a schedule of the future minimum lease payments required under the lease agreements and the present value of the future minimum lease payments at June 30, 2017:

<u>Fiscal Year</u>	<u>Lease Payments</u>
2018	\$ 226,853
2019	165,221
2020	164,737
2021	165,182
2022	164,533
2023	<u>164,645</u>
Total minimum lease payments	<u>1,051,171</u>
Less: amount representing interest	<u>(78,770)</u>
Present value of minimum lease payments	<u>\$ 972,401</u>

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 4 - RISK MANAGEMENT**

**A. Property and Liability**

ACCESS has obtained commercial insurance through a private carrier for the following risks:

- Comprehensive
- General liability and casualty
- Errors and omissions

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

**B. Employee Medical Benefits**

ACCESS participates in the Stark County Schools Council of Governments to provide employee medical/surgical, dental and prescription drug benefits.

**NOTE 5 - DEFINED BENEFIT PENSION PLAN**

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 5 - DEFINED BENEFIT PENSION PLAN - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the employer contribution rate was allocated to the Health Care Fund.

ACCESS's contractually required contribution to SERS was \$114,523 for fiscal year 2017.

**NOTE 6 - POSTEMPLOYMENT BENEFITS**

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, no portion of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. 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.

ACCESS's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$0, \$0, and \$11,296, respectively. 100 percent has been contributed for fiscal year 2015.

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 7 - CONTINGENCIES**

- A. ACCESS receives 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of ACCESS. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of ACCESS.
  
- B. Management believes there are no pending claims or lawsuits.

**NOTE 8 - CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2017, ACCESS has implemented GASB Statement No. 77, *"Tax Abatement Disclosures"*, GASB Statement No. 78, *"Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans"*, GASB Statement No. 80, *"Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14"* and GASB Statement No. 82, *"Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73"*.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of ACCESS.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of ACCESS.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of ACCESS.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of ACCESS.

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM  
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 9 - SERVICE AGREEMENT**

ACCESS has entered into a service agreement for maintenance and support related to the fiber optics network lease (see Note 3). The agreement requires annual installments due each November 1 of the years 2016 through 2020. ACCESS paid \$73,239 in fiscal year 2017. Total future annual payments at June 30, 2017 amount to \$292,956.

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# Dave Yost • Auditor of State

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

Area Cooperative Computerized Educational Service System  
Mahoning County  
7320 N. Palmyra Road  
Canfield, Ohio 44406

To the Members of the Assembly and Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Area Cooperative Computerized Educational Service System, Mahoning County, Ohio, (ACCESS), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise ACCESS's basic financial statements and we have issued our report thereon dated December 22, 2017, wherein we noted ACCESS uses a special purpose framework other than generally accepted accounting principles.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



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

December 22, 2017



# Dave Yost • Auditor of State

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM COUNCIL**

**MAHONING COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 18, 2018**