



OHIO AUDITOR OF STATE
KEITH FABER



**AREA COOPERTIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM
MAHONING COUNTY
JUNE 30, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Area Cooperative Computerized Educational Service System
Mahoning County
493 Bev Road, Unit 1
Boardman, Ohio 44512

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, 2020, and the related notes to the financial statements, which collectively comprise the ACCESS'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 the ACCESS's internal control. Accordingly, we express no such 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 modified cash financial position of the Area Cooperative Computerized Educational Service System, Mahoning County, Ohio, as of June 30, 2020, and the respective changes in modified cash financial position for the year then ended in accordance with the accounting basis described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of ACCESS. We did not modify our opinion regarding this matter.

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 April 1, 2021, on our consideration of the 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 the ACCESS's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 1, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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 2020, 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 2020 are as follows:

- In total, net cash position was \$876,889 at June 30, 2020, which is a decrease of 13.03% from June 30, 2019.
- ACCESS had operating cash receipts of \$1,477,269 and operating cash disbursements of \$2,846,454 for fiscal year 2020. ACCESS also received \$1,557,509 in non-operating cash receipts (intergovernmental receipts and interest income), and had \$319,717 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 2020?" 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, 2020
(UNAUDITED)

The table below provides a summary of ACCESS's net cash position at June 30, 2020 and June 30, 2019.

Net Position - Cash Basis

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current assets	<u>\$ 876,889</u>	<u>\$ 1,008,282</u>
<u>Net cash position</u>		
Unrestricted	<u>\$ 876,889</u>	<u>\$ 1,008,282</u>

Over time, net cash position can serve as a useful indicator of a government's financial position. At June 30, 2020, ACCESS's net cash position totaled \$876,889, 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, 2020
(UNAUDITED)

The table below shows the changes in net cash position for fiscal years 2020 and 2019.

Change in Net Cash Position

	<u>2020</u>	<u>2019</u>
<u>Operating cash receipts:</u>		
Membership contributions	\$ 1,460,776	\$ 1,402,700
Other	<u>16,493</u>	<u>14,627</u>
Total operating cash receipts	<u>1,477,269</u>	<u>1,417,327</u>
<u>Operating cash disbursements:</u>		
Personal services	852,167	874,548
Employees' retirement and insurance	381,330	358,792
Purchased services	928,431	770,715
Materials and supplies	651,580	816,348
Other	<u>32,946</u>	<u>34,061</u>
Total operating cash disbursements	<u>2,846,454</u>	<u>2,854,464</u>
<u>Non-operating cash receipts (disbursements):</u>		
Intergovernmental	1,545,905	1,716,343
Interest income	11,604	22,759
Capital outlay	(154,980)	(451,083)
Capital lease payments	<u>(164,737)</u>	<u>(165,221)</u>
Total non-operating cash receipts (disbursements)	<u>1,237,792</u>	<u>1,122,798</u>
Change in net cash position	(131,393)	(314,339)
Net cash position at beginning of year	<u>1,008,282</u>	<u>1,322,621</u>
Net cash position at end of year	<u>\$ 876,889</u>	<u>\$ 1,008,282</u>

The change in net cash position for fiscal year 2020 was a decrease of \$131,393 or 13.03%.

Operating cash receipts consist primarily of membership contributions (charges to members for services). Total operating cash disbursement were comparable to the prior year. Purchased services increased as a result of higher costs for repairs and maintenance and data processing services. However, this was offset by a decrease in materials and supplies disbursements, which is primarily due to less purchases of software materials.

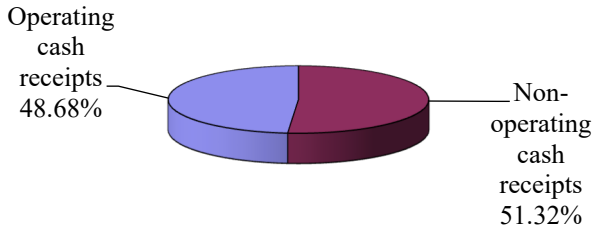
Most of the non-operating cash receipts consist of intergovernmental receipts. These were lower in fiscal year 2020 due to a decrease in Federal E-Rate reimbursements. Non-operating cash disbursements consist of capital outlay and capital lease payments. Capital outlay disbursements were lower in fiscal year 2020 due to the purchase of a building in the prior year as ACCESS moved to a new location.

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

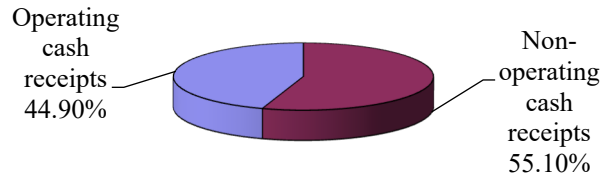
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The charts below illustrate the cash receipts and disbursements for ACCESS for fiscal years 2020 and 2019.

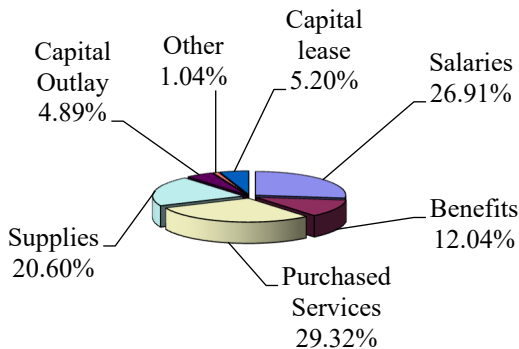
2020 Cash Receipts



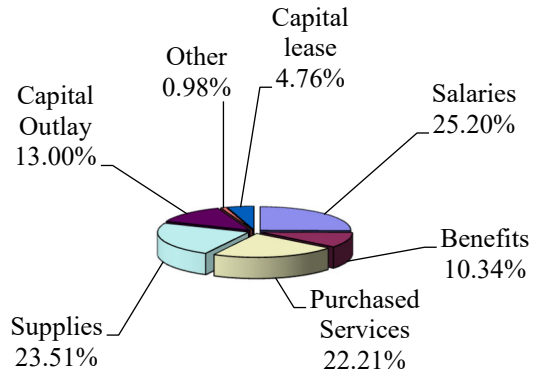
2019 Cash Receipts



2020 Cash Disbursements



2019 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 its members. 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, 493 Bev Road, Unit 1, Boardman, Ohio 44512.

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

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2020

Assets:

Current assets:

Cash and cash equivalents.	\$ 876,889
Total assets	<u>876,889</u>

Net cash position:

Unrestricted	<u>876,889</u>
Total net cash position.	<u>\$ 876,889</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, 2020

Operating cash receipts:	
Membership contributions	\$ 1,460,776
Other	16,493
Total operating cash receipts.	<u>1,477,269</u>
Operating cash disbursements:	
Personal services	852,167
Employees' retirement and insurance.	381,330
Purchased services	928,431
Materials and supplies	651,580
Other	32,946
Total operating cash disbursements	<u>2,846,454</u>
Operating income (loss)	<u>(1,369,185)</u>
Non-operating cash receipts	
(disbursements):	
Intergovernmental	1,545,905
Interest income	11,604
Capital outlay.	(154,980)
Capital lease payments	<u>(164,737)</u>
Total non-operating cash receipts	
(disbursements)	<u>1,237,792</u>
Change in net cash position.	(131,393)
Net cash position at beginning of year . . .	<u>1,008,282</u>
Net cash position at end of year.	<u><u>\$ 876,889</u></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, 2020**

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, 2020

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.

During fiscal year 2020, ACCESS invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$50 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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 6 and Note 7, 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.

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 \$355,535 and \$1,190,370 in State and Federal grants, respectively, in fiscal year 2020.

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by ACCESS 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 ACCESS's treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 fair 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. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investments at any one time and for a period not to exceed two-hundred-seventy days; and,
8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one-hundred-eighty days.

Protection of ACCESS's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OCPS), a collateral pool of eligible securities deposited with a qualified trustee and pledge to the Treasurer of State to secure the repayment of all public monies deposited in the financial 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 ACCESS, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of deposits was \$659,787. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2020, \$662,360 of ACCESS’s bank balance of \$686,828 was covered by the FDIC and \$24,468 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, ACCESS’s deposits may not be returned. ACCESS has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (1) eligible securities pledged to ACCESS and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

B. Investments

As of June 30, 2020, ACCESS had the following investments:

Measurement/ Investment Type	Measurement Value
Amortized cost:	
STAR Ohio	\$ 217,102

The weighted average maturity of investments is approximately 53 days.

Credit Risk: Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District’s investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

NOTE 4 - CAPITAL LEASE OBLIGATIONS

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - CAPITAL LEASE OBLIGATIONS - (Continued)

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, 2020:

<u>Fiscal Year</u>	<u>Lease Payments</u>
2021	\$ 165,182
2022	164,533
2023	<u>164,645</u>
Total minimum lease payments	<u>494,360</u>
Less: amount representing interest	<u>(22,526)</u>
Present value of minimum lease payments	<u>\$ 471,834</u>

NOTE 5 - RISK MANAGEMENT

A. Property and Liability

ACCESS has obtained insurance coverage through the Schools of Ohio Risk Sharing Authority (SORSA) for the following risks:

- Comprehensive
- General liability and casualty
- Errors and omissions

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

SORSA is a non-profit, member owned consortium, organized as an insurance purchasing pool for school districts and related agencies in Ohio. SORSA's business affairs are conducted by a nine-member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the members' property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. ACCESS pays an annual premium to SORSA for the insurance coverages selected and retains no financial interest in SORSA.

B. Employee Medical Benefits

ACCESS participates in the Stark County Schools Council of Governments (Council) to provide employee medical/surgical, dental and prescription drug benefits. The Council is a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by an assembly which consists of one representative from each participating member. The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating members, based on the established premiums for the insurance plans. Each member reserves the right to terminate the plan in whole or in part, at any time. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6 - 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 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 after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or 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; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and ACCESS is required to contribute 14% 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% for plan members and 14% 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, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

ACCESS’s contractually required contribution to SERS was \$128,014 for fiscal year 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7 - DEFINED BENEFIT OPEB PLAN

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - ACCESS contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. 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 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. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established 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 on the plan selected, 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 pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge.

ACCESS's contractually required contribution to SERS was \$0 for fiscal year 2020.

NOTE 8 - 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 that could have a significant adverse effect on the financial position of ACCESS.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2020, ACCESS has implemented GASB Statement No. 84 "*Fiduciary Activities*" and GASB Statement No. 90 "*Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*".

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of ACCESS.

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of ACCESS.

NOTE 10 - SERVICE AGREEMENT

ACCESS has entered into a service agreement for maintenance and support related to its fiber optics network lease (see Note 4). The agreement requires annual installments due each November 1 of the years 2016 through 2020. ACCESS paid \$73,239 in fiscal year 2020. Total future annual payments at June 30, 2020 amount to \$73,239.

NOTE 11 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of ACCESS. ACCESS's investment portfolio and the investments of the pension and other employee benefit plans in which ACCESS participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on ACCESS's future operating costs, revenues, and additional recovery from emergency funding, either Federal or State, cannot be estimated.

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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
493 Bev Road, Unit 1
Boardman, Ohio 44512

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, 2020, and the related notes to the financial statements, which collectively comprise ACCESS's basic financial statements and have issued our report thereon dated April 1, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of ACCESS.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered ACCESS's internal control over financial reporting (internal control) as a basis for designing 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 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 financial statements. 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 ACCESS's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering ACCESS's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 1, 2021

OHIO AUDITOR OF STATE KEITH FABER



AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM COUNCIL

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/20/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov