TRUMBULL COUNTY EDUCATIONAL SERVICE CENTER

TRUMBULL COUNTY, OHIO

AUDIT REPORT

For the Fiscal Year Ended June 30, 2016

CEH Charles E. Harris & Associates
certified public accountants & government consultants

Dave Yost • Auditor of State

Governing Board
Trumbull County Educational Service Center
6000 Youngstown Warren Rd.
Niles, Ohio 44446

We have reviewed the Independent Auditor's Report of the Trumbull County Educational Service Center, Trumbull County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Trumbull County Educational Service Center is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

March 21, 2017

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TRUMBULL COUNTY EDUCATIONAL SERVICE CENTER
TRUMBULL COUNTY

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INDEPENDENT AUDITOR'S REPORT

Trumbull County Educational Service Center
Trumbull County
6000 Youngstown Warren Road
Niles, Ohio 44446

To the Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Trumbull County Educational Service Center, Trumbull County, Ohio (the ESC), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the ESC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the ESC'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 ESC'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 financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Trumbull County Educational Service Center, Trumbull County, Ohio, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted to opine on the ESC's basic financial statements taken as a whole. The budgetary comparison schedule presents additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2016, on our consideration of the ESC'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 ESC's internal control over financial reporting and compliance.

Charles E. Harris & Associates, Inc.
November 25, 2016

The management's discussion and analysis of the Trumbull County Educational Service Center (the Educational Service Center) financial performance provides an overall review of the Educational Service Center's financial activities for the fiscal year ended June 30, 2016. The intent of the management's discussion and analysis is to look at the Educational Service Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the Educational Service Center's financial performance.

Financial Highlights

Key financial highlights for 2016 include:

- In fiscal year 2016 total assets increased which can be attributed to an increase in intergovernmental receivables and capital assets. The Educational Service Center purchased a van and computer equipment during the fiscal year.

- During fiscal year 2016, employees received a 1.5 percent salary increase. Health care costs increased as well due to a one month premium holiday in the prior fiscal year. The net effect was an increase in expenditures for the year.

- The Educational Service Center is committed to meeting the academic needs of our students and providing them with updated instructional materials to compete in the global environment.

Using this Annual Financial Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Educational Service Center, presenting both an aggregate view of the Educational Service Center's finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Educational Service Center's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Educational Service Center, the general fund is the most significant fund.

Reporting the Educational Service Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the Educational Service Center to provide services, the view of the Educational Service Center as a whole considers all financial transactions and asks the questions, "Are we in a better financial position this fiscal year than last?" and "Why?" or "Why not?". The *Statement of Net Position* and the *Statement of Activities* provide the basis for answering these questions. These statements include *all non-fiduciary assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Educational Service Center's *net position* and any changes in the net position. The change in net position is important because it tells the readers that, for the Educational Service Center as a whole, the *financial position* of the Educational Service Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The *Statement of Net Position* and the *Statement of Activities* are represented by one type of activity, Governmental Activities. The Educational Service Center's programs and services are reported here including instruction and support services.

Reporting the Educational Service Center's Most Significant Funds

Fund Financial Statements

The analysis of the Educational Service Center's major fund begins on page 10. Fund financial reports provide detailed information about the Educational Service Center's major fund. The Educational Service Center uses many funds to account for a multitude of financial transactions. However, the fund financial statements focus on the Educational Service Center's most significant funds. The Educational Service Center's major governmental fund is the general fund.

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

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

The Educational Service Center as a Whole

You may recall that the *Statement of Net Position* provides the perspective of the Educational Service Center as a whole. Table 1 provides a summary of the Educational Service Center's net position for 2016 compared to 2015:

(Table 1)
Net Position

	Governmental Activities		
	2016	2015	Change
Assets			
Current and Other Assets	$8,620,917	$8,532,994	$87,923
Capital Assets, Net	232,230	188,050	44,180
Total Assets	8,853,147	8,721,044	132,103
Deferred Outflows of Resources	2,431,615	1,603,574	828,041
Liabilities			
Current and Other Liabilities	2,329,985	2,458,367	128,382
Long-Term Liabilities:			
Due Within One Year	52,913	54,560	1,647
Due in More than One Year			
Net Pension Liability	24,505,364	22,166,572	(2,338,792)
Other Amounts	694,229	639,057	(55,172)
Total Liabilities	27,582,491	25,318,556	(2,263,935)
Deferred Inflows of Resources	2,108,653	3,997,306	1,888,653
Net Position			
Net Investment in Capital Assets	207,114	187,264	19,850
Restricted	6,494	47,400	(40,906)
Unrestricted	(18,619,990)	(19,225,908)	605,918
Total Net Position	($18,406,382)	($18,991,244)	$584,862

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective:

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

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

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

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

Overall assets increased from fiscal year 2015 levels. The most significant change in assets was the increase in intergovernmental receivable. This was due to a higher balance owed to the Educational Service Center at fiscal year-end for services provided. Capital assets increased due to current year additions during the fiscal year to equipment and vehicles.

Total liabilities increased during fiscal year 2016 which can be attributed to the change in net pension liability offset by the annual payments on the Educational Service Center's net pension liability. Current liabilities decreased mainly due to less severance payments to retiring employees still outstanding at the end of the fiscal year compared to 2015 as well as decreases in intergovernmental payable.

The net effect of the increases in assets and decreases in liabilities resulted in an increase of total net position for fiscal year 2016.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2016 and 2015.

(Table 2)
Change in Net Position
Governmental Activities

	2016	2015	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	$15,074,377	$14,473,211	$601,166
Operating Grants and Contributions	368,927	440,568	(71,641)
Total Program Revenues	15,443,304	14,913,779	529,525
General Revenues:			
Grants and Entitlements	823,672	910,177	(86,505)
Investment Earnings	126,471	34,136	92,335
Unrestricted Contributions and Donations	14,517	13,540	977
Miscellaneous	11,745	27,456	(15,711)
Total General Revenues	976,405	985,309	(8,904)
Total Revenues	16,419,709	15,899,088	520,621
Program Expenses			
Instruction	7,506,177	6,890,059	(616,118)
Support Services:			
Pupil and Instructional Staff	5,482,937	5,360,580	(122,357)
Board of Education, Administration, Fiscal and Business	2,090,152	2,045,495	(44,657)
Operation and Maintenance of Plant	196,649	192,876	(3,773)
Pupil Transportation	16,731	16,204	(527)
Central	540,741	430,648	(110,093)
Interest and Fiscal Charges	1,460	326	(1,134)
Total Program Expenses	15,834,847	14,936,188	(898,659)
Increase (Decrease) in Net Position	584,862	962,900	(378,038)
Net Position Beginning of Year	(18,991,244)	(19,954,144)	962,900
Net Position End of Year	($18,406,382)	($18,991,244)	$584,862

The Educational Service Center relies heavily upon contracts with various school districts to support its operations. The Educational Service Center also actively solicits and receives additional grant and entitlement funds to help offset operating costs. The decrease in operating grants can be attributed to the smaller grant carryover into the new fiscal year compared to the prior fiscal year.

Instruction expenses comprise the largest portion of all program expenses for the Educational Service Center. These expenses pay for teacher salary and benefits which increase at set levels every year through negotiated agreements. Instructional expenses increased for the fiscal year. For fiscal year 2016, Educational Service Center employees received a 1.5 percent salary increase. Health care costs increased as well. In fiscal year

2015, the Educational Service Center had a premium holiday equivalent to an 8.3 percent decrease compared to fiscal year 2014. No premium holiday was available for fiscal year 2016 increasing the cost of health care for the year.

Governmental Activities

A review of Table 2 illustrates the concept of sound fiscal management in the government sector. The Educational Service Center's concept of bringing its fiscal agencies under a common campus to align services, share resources and create economies of scale does work. A willingness to honestly assess programs and discontinue unprofitable ones is key to long term operations. Flexibility and adherence to basic management principles is key to continued successful operations.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services for governmental activities. Table 3 shows the total cost of services and the net cost of services. The ($391,543) *Net Cost of Services 2016* tells the reader that overall these services are not self-supporting and must rely on unrestricted State entitlements and unrestricted net position to operate this fiscal year.

(Table 3)
Governmental Activities

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Instruction	$7,506,177	$527,969	$6,890,059	$557,347
Support Services:				
Pupil and Instructional Staff	5,482,937	343,943	5,360,580	473,070
Board of Education, Administration, Fiscal and Business	2,090,152	(509,674)	2,045,495	(413,672)
Operation and Maintenance of Plant	196,649	(196,649)	192,876	(192,876)
Pupil Transportation	16,731	(16,731)	16,204	(16,204)
Central	540,741	(538,941)	430,648	(429,748)
Interest and Fiscal Charges	1,460	(1,460)	326	(326)
Totals	$15,834,847	($391,543)	$14,936,188	($22,409)

The Educational Service Center's Funds

Information about the Educational Service Center's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $16,083,766 and total expenditures of $16,240,236, leaving a fund balance at fiscal year-end of $4,865,954.

The general fund had a decrease in fund balance due to expenditures exceeding revenues in the current fiscal year. Tuition and fees increased for the current year and expenditures increased due to the increase in salaries and health care costs. The general fund is the primary source of start up funds for many of the other grant activities. Fast response to client needs and starting up an activity before initial funding arrives is what separates the Educational Service Center from its competition. The downside to such a philosophy is that the

Educational Service Center will be an early barometer to cutbacks and difficult economic times. The nature of school employment law does make the Educational Service Center vulnerable to second-guessing the best management approach to riding out the downturn.

Capital Assets

Table 4 shows fiscal year 2016 balances compared to fiscal year 2015. More detailed information is presented in Note 8 of the notes to the basic financial statements.

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

	Governmental Activities	
	2016	2015
Furniture, Equipment and Textbooks	$212,431	$187,569
Vehicles	19,799	481
Total Capital Assets	$232,230	$188,050

The increase in capital assets is mainly due current year additions offset by an additional year of depreciation on existing capital assets. The Educational Service Center purchased a cargo van, computer equipment, several projectors. The Educational Service Center also entered into a new capital lease for new copiers.

Debt

At the end of fiscal year 2016, the outstanding balance on the capital lease was $25,116. More detailed information is presented in Notes 13 and 14 of the notes to the basic financial statements.

Current Financial Related Activities

The Educational Service Center continues to be financially stable and is able to continue to offer the programs needed to enrich and service the various school districts. As the preceding analysis demonstrates, the Educational Service Center relies heavily on contracts with local, city and exempted village school districts in Trumbull County, State foundation revenue and operating grants. During 2016, the overall financial impact of contracts for services provided to Trumbull County districts remained consistent with the prior fiscal year. Opportunities for new contracts and the Educational Service Center's available cash balance will provide the Educational Service Center with the necessary funds to meet its operating needs going forward. Under HB153, which was effective for fiscal year 2014, local, city and exempted village school districts were given the option to choose any ESC for services; all of the School Districts in Trumbull County have signed contracts with the Trumbull County Educational Service Center.

One challenge facing the Educational Service Center is the decline in enrollment in Trumbull County over the past several years and the projected decline in the future. The Educational Service Center receives funding based on the Average Daily Membership (ADM) of the Trumbull County school districts. The continued decline in ADM will directly impact per-pupil funding from the State of Ohio.

Another challenge facing the Educational Service Center is the need to provide additional contract services to Trumbull County School Districts to offset declining State support. The Educational Service Center constantly strives to provide more services in the most cost efficient manner.

The Educational Service Center's systems of budgeting and internal controls are well regarded. All of the Educational Service Center's financial abilities will be necessary to meet the financial challenges of the future.

Contacting the Educational Service Center's Financial Management

This financial report provides our citizen's, taxpayers, and investors and creditors with a general overview of the Educational Service Center's finances and to show the Educational Service Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Lori Simione, Treasurer at the Educational Service Center, 6000 Youngstown-Warren, Niles, Ohio 44446.

Trumbull County Educational Service Center

Statement of Net Position

June 30, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$6,979,957
Accounts Receivable	17,579
Intergovernmental Receivable	1,603,387
Prepaids	19,994
Depreciable Capital Assets, Net	232,230
Total Assets	8,853,147
Deferred Outflows of Resources	
Pension	2,431,615
Liabilities	
Accounts Payable	2,717
Accrued Wages and Benefits	1,711,489
Intergovernmental Payable	613,475
Matured Compensated Absences Payable	2,304
Long-Term Liabilities:	
Due Within One Year	52,913
Due In More Than One Year	
Net Pension Liability (Note 10)	24,505,364
Other Amounts	694,229
Total Liabilities	27,582,491
Deferred Inflows of Resources	
Pension	2,108,653
Net Position	
Net Investment in Capital Assets	207,114
Restricted for Other Purposes	6,494
Unrestricted (Deficit)	(18,619,990)
Total Net Position	($18,406,382)

See accompanying notes to the basic financial statements

Trumbull County Educational Service Center

Statement of Activities

For the Fiscal Year Ended June 30, 2016

		Program Revenues		Net Revenue (Expense) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	$668,815	$500,034	$178,172	$9,391
Special	6,837,362	7,277,252	78,688	518,578
Support Services:				
Pupil	4,025,010	4,248,085	29,364	252,439
Instructional Staff	1,457,927	1,468,528	80,903	91,504
Board of Education	126,169	0	0	(126,169)
Administration	1,486,415	1,580,478	0	94,063
Fiscal	443,012	0	0	(443,012)
Business	34,556	0	0	(34,556)
Operation and Maintenance of Plant	196,649	0	0	(196,649)
Pupil Transportation	16,731	0	0	(16,731)
Central	540,741	0	1,800	(538,941)
Interest and Fiscal Charges	1,460	0	0	(1,460)
Totals	$15,834,847	$15,074,377	$368,927	(391,543)

General Revenues	
Grants and Entitlements not Restricted to Specific Programs	823,672
Investment Earnings	126,471
Unrestricted Contributions and Donations	14,517
Miscellaneous	11,745
Total General Revenues	976,405
Change in Net Position	584,862
Net Position Beginning of Year	(18,991,244)
Net Position End of Year	($18,406,382)

See accompanying notes to the basic financial statements

Trumbull County Educational Service Center

Balance Sheet

Governmental Funds

June 30, 2016

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$6,963,814	$16,143	$6,979,957
Accounts Receivable	17,579	0	17,579
Intergovernmental Receivable	1,554,935	48,452	1,603,387
Prepaids	19,612	382	19,994
Total Assets	$8,555,940	$64,977	$8,620,917
Liabilities			
Accounts Payable	$2,717	$0	$2,717
Accrued Wages and Benefits	1,684,820	26,669	1,711,489
Intergovernmental Payable	609,746	3,729	613,475
Matured Compensated Absences Payable	2,304	0	2,304
Total Liabilities	2,299,587	30,398	2,329,985
Deferred Inflows of Resources			
Unavailable Revenue	1,407,124	17,854	1,424,978
Fund Balances			
Nonspendable	19,622	382	20,004
Restricted	0	6,195	6,195
Committed	0	13,646	13,646
Assigned	5,708	0	5,708
Unassigned (Deficit)	4,823,899	(3,498)	4,820,401
Total Fund Balances	4,849,229	16,725	4,865,954
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$8,555,940	$64,977	$8,620,917

See accompanying notes to the basic financial statements

Trumbull County Educational Service Center

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2016

Total Governmental Fund Balances		$4,865,954
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		232,230
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Tuition and Fees	1,407,124	
Intergovernmental	17,854	
Total		1,424,978
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental fund:		
Deferred Outflows - Pension	2,431,615	
Deferred Inflows - Pension	(2,108,653)	
Net Pension Liability	(24,505,364)	
Total		(24,182,402)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital Leases	(25,116)	
Compensated Absences	(722,026)	
Total		(747,142)
Net Position of Governmental Activities		($18,406,382)

See accompanying notes to the basic financial statements

Trumbull County Educational Service Center

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Intergovernmental	$823,672	$394,477	$1,218,149
Interest	126,471	0	126,471
Tuition and Fees	14,667,039	0	14,667,039
Charges for Services	45,845	0	45,845
Contributions and Donations	14,517	0	14,517
Miscellaneous	11,745	0	11,745
Total Revenues	15,689,289	394,477	16,083,766
Expenditures			
Current:			
Instruction:			
Regular	478,840	183,599	662,439
Special	6,932,452	78,724	7,011,176
Support Services:			
Pupil	4,052,624	53,855	4,106,479
Instructional Staff	1,408,927	82,609	1,491,536
Board of Education	126,262	0	126,262
Administration	1,491,192	533	1,491,725
Fiscal	453,608	0	453,608
Business	45,869	0	45,869
Operation and Maintenance of Plant	196,649	0	196,649
Pupil Transportation	16,731	0	16,731
Central	565,168	1,800	566,968
Capital Outlay	56,832	0	56,832
Debt Service:			
Principal Retirement	12,502	0	12,502
Interest and Fiscal Charges	1,460	0	1,460
Total Expenditures	15,839,116	401,120	16,240,236
Excess of Revenues Over (Under) Expenditures	(149,827)	(6,643)	(156,470)
Other Financing Sources			
Inception of Capital Lease	36,832	0	36,832
Net Change in Fund Balances	(112,995)	(6,643)	(119,638)
Fund Balances Beginning of Year	4,962,224	23,368	4,985,592
Fund Balances End of Year	$4,849,229	$16,725	$4,865,954

See accompanying notes to the basic financial statements

Trumbull County 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, 2016

Net Change in Fund Balances - Total Governmental Funds		($119,638)
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 are allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	107,356	
Current Year Depreciation	(62,855)	
Total		44,501
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(321)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Tuition and Fees	361,493	
Intergovernmental	(25,550)	
Total		335,943
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		12,502
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(29,195)
Other financing sources, such as Inception of Capital Lease, in the governmental funds that increase long-term liabilities in the statement of net position.		(36,832)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,459,752
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,081,850)
Change in Net Position of Governmental Activities		$584,862

See accompanying notes to the basic financial statements

Trumbull County Educational Service Center

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2016

Assets	
Equity in Pooled Cash and Cash Equivalents	$1,867,459
Cash and Cash Equivalents in Segregated Accounts	9,096,011
Intergovernmental Receivable	156,293
Total Assets	$11,119,763
Liabilities	
Accounts Payable	$20,292
Intergovernmental Payable	2,010,666
Claims Payable	1,786,800
Undistributed Monies	7,302,005
Total Liabilities	$11,119,763

See accompanying notes to the basic financial statements

Note 1 – Description of the Educational Service Center

The Trumbull County Educational Service Center (the Educational Service Center) is the successor to the former Trumbull County Board of Education. County boards of education were formed in Ohio as a result of the passage of Senate Bill 9 in 1914. In 1995, Am Sub. H.B. 117 authorized the creation of Educational Service Centers and abolished county school districts. That legislation also changed the "Board of Education" to the "Governing Board."

The Educational Service Center operates under a locally-elected five-member Governing Board form of government and provides educational services as mandated by State or federal agencies to fifteen local, three city, and two exempted village school districts in Trumbull County. The Board controls the Educational Service Center's staff who provide services to 27,462 students and other community members in Trumbull County.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Educational Service Center consists of all funds, departments, boards and agencies that are not legally separate from the Educational Service Center. For the Educational Service Center, this includes the agencies and departments that provide the following services: general operations and related special education, supervisory, administrative and fiscal activities of the Educational Service Center.

Component units are legally separate organizations for which the Educational Service Center is financially accountable. The Educational Service Center is financially accountable for an organization if the Educational Service Center appoints a voting majority of the organization's governing board and (1) the Educational Service Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Educational Service Center is legally entitled to or can otherwise access the organization's resources; the Educational Service Center is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the Educational Service Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Educational Service Center in that the Educational Service Center approves the budget, the issuance of debt or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Educational Service Center has no component units.

The Educational Service Center participates in a jointly governed organization and a public entity risk pool. These organizations are the Northeast Ohio Management Information Network (NEOMIN) and Trumbull County Schools Employee Insurance Benefit Consortium (Consortium). These organizations are presented in Note 15 and 16 in the notes to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Educational Service Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Educational Service Center's accounting policies are described below.

Basis of Presentation

The Educational Service Center's basic financial statements consist of government-wide statements, including a statement of net position 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 position and the statement of activities display information about the Educational Service Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities that are governmental and those that are considered business-type. The Educational Service Center, however, has only governmental activities.

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

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

Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions of the Educational Service Center 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 purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The Educational Service Center has the following major governmental fund.

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

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

Proprietary Fund Type Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The Educational Service Center has no proprietary funds.

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

Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources 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 reconciliations 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. Governmental funds use the modified accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 Educational Service Center, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the Educational Service Center receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Educational Service Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Educational Service Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange 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, grants, fees, customer services and charges for services.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to pension are explained in Note 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Educational Service Center, deferred inflows of resources include unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Educational Service Center, unavailable revenue includes tuition and fees, charges for services, grants and rent. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 10)

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund 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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension 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.

Cash and Cash Equivalents

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

During fiscal year 2016, investments were limited to STAR Ohio, federal farm credit bank bonds, federal national mortgage association notes, federal home loan mortgage corporation notes, federal home loan bank notes and US Treasury Notes. Except STAR Ohio, investments are reported at fair value which is based on quoted market prices.

During fiscal year 2016, the Educational Service Center invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 Educational Service Center measures their 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 the fiscal year 2016, 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 $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2016 amounted to $126,471 which includes $292 assigned from other Educational Service Center funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Educational Service Center are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Capital Assets

The only capital assets of the Educational Service Center are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the governmental-wide statement of net position 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 acquisition values as of the date received. The Educational Service Center maintains a capitalization threshold of five hundred dollars.

The Educational Service Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated except for land**.** Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Furniture, Equipment and Textbooks	3-20 years
Vehicles	6-10 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Educational Service Center will compensate the employees for the benefits through paid time off or some other means. The Educational Service 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 termination benefits and those the Educational Service Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Educational Service Center's termination policy. The Educational Service Center records a liability for accumulated unused sick leave for classified, certified and administrative employees at least fifty years of age with at least 10 years of service and any age with at least 20 years of service.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences and net pension liability 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 the payment during the current fiscal year.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes includes the public school preschool, professional development and limited English proficiency.

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are 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 are 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 the highest level formal action (resolution) of the Educational Service Center Governing Board. Those committed amounts cannot be used for any other purpose unless the Educational Service Center Governing Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Educational Service Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies and authorized purchase commitments by the Educational Service Center Governing Board or Educational Service Center official delegated that authority by resolution or by State Statue. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Governing Board assigned fund balance for the positive education programs.

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.

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

Prepaids

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaids using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Estimates

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

Note 3 - Fund Balances

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

Fund Balances	General	Other Governmental Funds	Total
Nonspendable			
Prepaids	$19,612	$382	$19,994
Unclaimed Monies	10	0	10
Total Nonspendable	19,622	382	20,004
Restricted for			
Early Child Education Program	0	2,880	2,880
English Proficiency	0	3,315	3,315
Total Restricted	0	6,195	6,195
Committed to			
Other Purposes	0	3,132	3,132
Defined STEM Program	0	3,810	3,810
Special Education	0	4,098	4,098
Technology Improvements	0	1,756	1,756
Trumbull Virtual Learning Academy	0	850	850
Total Committed	0	13,646	13,646
Assigned to			
Positive Education Program	2,659	0	2,659
Purchases on Order			
Purchase Services	725	0	725
Materials and Supplies	1,076	0	1,076
Other	1,248	0	1,248
Total Assigned	5,708	0	5,708
Unassigned (Deficit)	4,823,899	(3,498)	4,820,401
Total Fund Balances	$4,849,229	$16,725	$4,865,954

Note 4 – Fund Deficits

Fund balances at June 30, 2016, included the following individual fund deficit:

Special Revenue Funds:	
Alternative Education Challenge Grant	$3,382

These deficits are due to adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;

4. Bonds and other obligations of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2);

7. The State Treasurer's investment pool (STAR Ohio); and

8. Commercial paper and bankers' acceptances if training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the Educational Service Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $3,708,489 of the Educational Service Center's bank balance of $3,958,489 was uninsured and collateralized under outside party's name. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Educational Service Center to a successful claim by the FDIC.

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

Investments

As of June 30, 2016, the Educational Service Center had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Net Asset Value Per Share				
STAR Ohio	$55,588	Average 48.6 Days	AAAm	N/A
Fair Value				
Federal Farm Credit Bank Bonds	1,500,120	Less than one year	AA+	10.64%
Federal National Mortgage Association Notes	2,010,655	Less than three years	AA+	14.26%
Federal National Mortgage Association Notes	1,358,829	Less than five years	AA+	9.63%
Federal Home Loan Mortgage Corporation Notes	767,385	Less than five years	AA+	5.44%
Federal Home Loan Bank Notes	350,273	Less than one year	AA+	2.48%
US Treasury Notes	1,700,966	Less than one year	AA+	12.06%
US Treasury Notes	3,022,485	Less than three years	AA+	21.43%
US Treasury Notes	3,338,520	Less than five years	AA+	23.67%
Total	$14,104,821			

The Educational Service Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Educational Service Center's recurring fair value measurements as of June 30, 2016. All of the Educational Service Center's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk The Educational Service Center has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Educational Service Center, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk The Standard and Poor's rating of the Educational Service Center's investment is listed in the table above. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Educational Service Center has no investment policy that would further limit its investment choices.

Concentration of Credit Risk The Educational Service Center places no limit on the amount it may invest in any one issuer.

Note 6 – Receivables

Receivables at June 30, 2016, consisted of accounts and intergovernmental grants. All receivables are considered collectible in full within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Customer Services	$1,554,935
Early Childhood Education Grant	37,336
Alternative Education Challenge Grant	9,831
Title III Grant	1,285
Total	$1,603,387

Note 7 – State Funding

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

The Educational Service Center also receives funding from the State Department of Education in the amount of $27 times the average daily membership of the Educational Service Center. Average daily membership includes the total student counts of all local school districts within the Educational Service Center's territory and all of the Educational Service Center's client school districts. This amount is paid from State resources. The State Department of Education also deducts from the State Foundation Program settlement of each of the Educational Service Center's local and client school districts an amount equal to $8.50 times the school district's total student count and remits this amount to the Educational Service Center.

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

Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance 6/30/15	Additions	Deletions	Balance 6/30/16
Governmental Activities				
Capital Assets, being depreciated:				
Furniture, Equipment and Textbooks	$1,189,515	$84,573	($41,231)	$1,232,857
Vehicles	13,500	22,783	(13,500)	22,783
Total Capital Assets, being depreciated	1,203,015	107,356	(54,731)	1,255,640
Less Accumulated Depreciation				
Furniture, Equipment and Textbooks	(1,001,946)	(59,711)	41,231	(1,020,426)
Vehicles	(13,019)	(3,144)	13,179	(2,984)
Total Accumulated Depreciation	(1,014,965)	(62,855)	54,410	(1,023,410)
Total Capital Assets, being depreciated, net	188,050	44,501	(321)	232,230
Governmental Activities Capital Assets, Net	$188,050	$44,501	($321)	$232,230

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$1,795
Special	3,086
Support Services:	
Pupil	5,440
Instructional Staff	18,533
Administration	11,405
Fiscal	59
Business	11,199
Central	11,338
Total Depreciation Expense	$62,855

Note 9 – Risk Management

Property and Liability

The Educational Service Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2016, the Educational Service Center contracted with the Liberty Mutual Insurance Company for the following insurance:

Type	Amount
Property Liability:	
Blanket Building and Personal Property	$2,908,777
Deductible	$1,000
Inland Marine:	
Computer Hardware	750,000
Computer Software	200,000
Extra Expense	50,000
Umbrella Coverage:	
Each Occurrence	4,000,000
Aggregate Limit	4,000,000
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Products - Completed Operations Aggregate Limit	3,000,000
Personal and Advertising Injury Limit - Each Offense	1,000,000
Fire Damage Limit - Any One Event	300,000
Medical Expense Limit	15,000

Type	Amount
Employees' Liability	
Each Offense	1,000,000
Aggregate	3,000,000
Sexual Misconduct and Molestation Liability:	
Each Occurrence	1,000,000
Aggregate	1,000,000
Innocent Party Defense	300,000
School Leaders Errors and Omissions Liability:	
Injury Limit	1,000,000
Aggregate Limit	1,000,000
Non-monetary Relief Defense	100,000
Vehicle Liability	
Single Occurrence Limitation	1,000,000
Deductible for Comprehensive	250
Deductible for Collision	500

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

Workers' Compensation

The Educational Service Center pays a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs. The firm of Sheakley UniServices, Inc. provides administrative, cost control and actuarial services to the Educational Service Center.

Employee Health Benefits

The Educational Service Center has contracted with Trumbull County Schools Employee Insurance Benefit Consortium (the Consortium) to provide employee medical/surgical and dental benefits. (See Note 16) The Consortium is a shared risk pool comprised of sixteen Trumbull County School Districts and the Educational Service Center. The Educational Service Center is the fiscal agent for the Consortium. Rates are set through an annual calculation process. The Educational Service Center pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The Executive Committee of the Consortium has the right to return monies to an exiting School District subsequent to the settlements of all expenses and claims. The premiums are set up on a two - tier system.

Premiums By Plan Type	Single	Family
Medical Mutual PPO Plan 1	$531.36	$1,382.05
Medical Mutual PPO Plan 2	476.89	1,240.84
Medical Mutual PPO Plan 3	422.44	1,099.64
Dental	26.08	81.65
Life ($50,000 coverage)	4.75	

The Educational Service Center pays 90 percent of medical premiums for classified and certified employees enrolled in PPO Plans 1 and 2. For classified and certified employees enrolled in PPO Plan 3, the Educational Service Center pays 100 percent of the cost of premiums. The Educational Service Center pays 100 percent of dental and life premiums for both classified and certified employees. For administrative employees, the ESC pays 90 percent and administrators pay 10 percent of the cost of premiums.

Note 10 – Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Educational Service Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The Educational Service Center's contractually required contribution to SERS was $389,575 for fiscal year 2016. Of this amount $51,699 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was increased one percent to 14 percent. The Educational Service Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The Educational Service Center's contractually required contribution to STRS was $1,070,177 for fiscal year 2016. Of this amount $163,175 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Educational Service Center's proportion of the net pension liability was based on the Educational Service Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.1432650%	0.07251016%	
Proportion of the Net Pension Liability Current Measurement Date	0.1416124%	0.07084135%	
Change in Proportionate Share	-0.0016526%	-0.0016688%	
Proportionate Share of the Net Pension Liability	$4,926,887	$19,578,477	$24,505,364
Pension Expense	$268,867	$812,983	$1,081,850

At June 30, 2016, the Educational Service Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$79,332	$892,531	$971,863
School District contributions subsequent to the measurement date	389,575	1,070,177	1,459,752
Total Deferred Outflows of Resources	$468,907	$1,962,708	$2,431,615
Deferred Inflows of Resources			
Change in proportionate Share and difference between School District contributions and proportionate share of contributions	$170,426	$366,920	$537,346
Net difference between projected and actual earnings on pension plan investments	$163,244	$1,408,063	$1,571,307
Total Deferred Inflows of Resources	$333,670	$1,774,983	$2,108,653

$1,459,752 reported as deferred outflows of resources related to pension resulting from Educational Service Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2017	($113,732)	($407,392)	($521,124)
2018	(113,732)	(407,392)	(521,124)
2019	(114,107)	(407,392)	(521,499)
2020	87,233	339,725	426,958
Total	($254,338)	($882,451)	($1,136,789)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$6,831,820	$4,926,887	$3,322,774

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops best estimates for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	10 Year Expected Nominal Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$27,195,982	$19,578,477	$13,136,741

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2016, four members of the Governing Board have elected Social Security. The contribution rate is 6.2 percent of wages.

Note 11 – Postemployment Benefits

School Employees Retirement System

Health Care Plan Description - The Educational Service Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org 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 2016, no allocation 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 2016, this amount was $23,000. 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 2016, the Educational Service Center's surcharge obligation was $60,319.

The Educational Service Center's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $0, $78,896, and $72,593, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2016 and June 30. 2015, STRS Ohio did not allocate any employer contributions to post-employment health care. For the fiscal year ended June 30, 2014, one percent of covered payroll was allocated to post-employment health care. The Educational Service Center's contributions for health care for the fiscal years ended June 30, 2016, 2015 and 2014 were $0, $0, and $75,618 respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

Note 12 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Vacation is paid upon separation. All employees earn sick leave at a rate of one and one-fourth days per month.

Upon retirement, certified and classified employees who meet the retirement provisions set by STRS and SERS and have ten or more years of service with the State and five or more years with the Educational Service Center are paid twenty five percent of their accumulated sick days up to a maximum accumulation of 70 days.

Life Insurance

The Educational Service Center provides life insurance in the amount of $50,000 to all full-time employees.

Note 13 – Long-Term Obligations

The changes in the Educational Service Center's long-term obligations during fiscal year 2016 were as follows:

	Outstanding June 30, 2015	Additions	Deductions	Outstanding June 30, 2016	Due Within One Year
Net Pension Liability					
STRS	$17,603,189	$1,975,288	$0	$19,578,477	$0
SERS	4,563,383	363,504	0	4,926,887	0
Total Net Pension Liability	22,166,572	2,338,792	0	24,505,364	0
Capital Leases	786	36,832	12,502	25,116	12,269
Compensated Absences	692,831	196,518	167,323	722,026	40,644
Total	$22,860,189	$2,572,142	$179,825	$25,252,506	$52,913

The capital leases will be paid from the general fund. Compensated absences will be paid from the general fund and the public school preschool special revenue funds. The Educational Service Center pays obligations related to employee compensation from the fund benefiting from their service.

Note 14 – Capital Leases

The Educational Service Center has entered into capitalized leases for copiers. The leases meet the criteria for capital leases. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for governmental funds.

The assets acquired through the capital leases are as follows:

Assets:	
Copiers	$36,832
Less: Accumulated Depreciation	(7,366)
Total Book Value as of June 30, 2016	$29,466

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2016.

	Governmental Activities
2017	$13,171
2018	13,171
Total Minimum Lease Payments	26,342
Less: Amounts Representing Interest	(1,226)
Present Value of Minimum Lease Payments	$25,116

Note 15 – Jointly Governed Organization

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among twenty-nine school districts and two educational service centers in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. The Educational Service Center paid $12,796 to NEOMIN during fiscal year 2016.

The Governing board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, the fiscal agent (or NEOMIN). The Board exercises total control over the operations of NEOMIN including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. The Educational Service center serves as fiscal agent for NEOMIN. Financial activity for fiscal year 2016 is reported in the basic financial statements as an agency fund. To obtain a copy of NEOMIN's financial statements, write to the Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

Note 16 – Public Entity Pool

Shared Risk Pool

Trumbull County Schools Employee Insurance Benefit Consortium The Educational Service Center participates in the Trumbull County Schools Employee Insurance Benefit Consortium. This is a shared risk pool comprised of sixteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services. The Educational Service Center serves as the Consortium's fiscal agent and the Treasurer of the Consortium is the Treasurer of the fiscal agent. Financial assets and liabilities for fiscal year 2016 are reported in the basic financial statements as an agency fund. Financial information is available from the Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

Note 17 - Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	$3,049

Note 18 – Contingencies

Grants

The Educational Service Center received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Educational Service Center at June 30, 2016, if applicable, cannot be determined at this time.

Litigation

The Educational Service Center is not a party to legal proceedings.

Note 19 – Change in Accounting Principles

For fiscal year 2016, the Educational Service Center implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application," GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," GASB Statement No. 79, "Certain External Investment Pools and Pool Participants," and GASB Statement No. 82, "Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73."

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the Educational Service Center's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the Educational Service Center's financial statements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The Educational Service Center participates in STAR Ohio which implemented GASB Statement No. 79 for fiscal year 2016. The Educational Service Center incorporated the corresponding GASB 79 guidance into their fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the Educational Service Center's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

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Supplemental Information

Trumbull County Educational Service Center

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$855,000	$855,000	$823,672	($31,328)
Interest	30,000	30,000	52,711	22,711
Tuition and Fees	15,216,700	15,216,700	14,349,103	(867,597)
Charges for Services	20,000	20,000	49,395	29,395
Extracurricular Activities	250	250	0	(250)
Contributions and Donations	10,000	10,000	14,517	4,517
Miscellaneous	10,000	10,000	11,695	1,695
Total Revenues	16,141,950	16,141,950	15,301,093	(840,857)
Expenditures				
Current:				
Instruction:				
Regular	549,167	560,472	474,318	86,154
Special	7,851,247	7,954,502	6,924,758	1,029,744
Support Services:				
Pupil	4,752,481	4,803,455	4,024,766	778,689
Instructional Staff	1,624,942	1,640,976	1,403,188	237,788
Board of Education	168,980	149,389	127,071	22,318
Administration	1,796,597	1,819,852	1,541,118	278,734
Fiscal	507,410	559,054	449,448	109,606
Business	83,482	70,568	61,046	9,522
Operation and Maintenance of Plant	271,909	235,717	199,964	35,753
Pupil Transportation	20,766	21,396	16,731	4,665
Central	617,171	623,118	547,838	75,280
Capital Outlay	20,000	20,000	20,000	0
Total Expenditures	18,264,152	18,458,499	15,790,246	2,668,253
Net Change in Fund Balance	(2,122,202)	(2,316,549)	(489,153)	1,827,396
Fund Balance Beginning of Year	7,349,986	7,349,986	7,349,986	0
Prior Year Encumbrances Appropriated	28,259	28,259	28,259	0
Fund Balance End of Year	$5,256,043	$5,061,696	$6,889,092	$1,827,396

See accompanying notes to the supplemental information

Note 1 – Budgetary Basis of Accounting

Budgetary Process

The Educational Service Center is not required under State statue to file budgetary information with the State Department of Education. However, the Educational Service Center's Board does follow the budgetary process for control purposes.

The Educational Service Center adopts its budget for all funds on or before the start of the new fiscal year. This is done by adopting estimated receipts and an annual appropriation resolution which is the Board's authorization to spend resources. The resolution sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the fund level for all funds. The Treasurer has been authorized to allocate appropriations to the function and object level within all funds. The amounts reported as the original budgeted amounts reflect the first estimated resources and appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final estimated resources and appropriation amounts passed by the Board during the fiscal year.

Budgetary Basis of Accounting

While the Educational Service Center is reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund is 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. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

4. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	General
GAAP Basis	($112,995)
Net Adjustment for Revenue Accruals	(314,089)
Beginning Fair Value Adjustment	(5,093)
Ending Fair Value Adjustment	(69,014)
Net Adjustment for Expenditure Accruals	15,087
Adjustment for Encumbrances	(3,049)
Budget Basis	($489,153)

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Required Supplementary Information

Trumbull County Educational Service Center, Ohio

Required Supplementary Information

Schedule of the Educational Service Center's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

*Last Three Fiscal Years (1)**

	2016	2015	2014
Educational Service Center's Proportion of the Net Pension Liability	0.1416124%	0.1432650%	0.1432650%
Educational Service Center's Proportionate Share of the Net Pension Liability	$4,926,887	$4,563,383	$5,362,040
Educational Service Center's Covered Payroll	$2,677,064	$3,161,542	$3,146,061
Educational Service Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	184.04%	144.34%	170.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

* Amounts presented for each fiscal year were determined as of the Educational Service Center's measurement date which is the prior fiscal year end.

Trumbull County Educational Service Center, Ohio

Required Supplementary Information

Schedule of the Educational Service Center's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

*Last Three Fiscal Years (1) **

	2016	2015	2014
Educational Service Center's Proportion of the Net Pension Liability	0.07084135%	0.07251016%	0.07251016%
Educational Service Center's Proportionate Share of the Net Pension Liability	$19,578,477	$17,603,189	$20,968,804
Educational Service Center's Covered Payroll	$7,445,921	$7,394,346	$7,716,769
Educational Service Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	262.94%	238.06%	271.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

Trumbull County Educational Service Center, Ohio
Required Supplementary Information
Schedule of the Educational Service Center's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$389,575	$352,837	$438,190	$435,415
Contributions in Relation to the Contractually Required Contribution	(389,575)	(352,837)	(438,190)	(435,415)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Educational Service Center Covered Payroll	$2,782,679	$2,677,065	$3,161,542	$3,146,061
Contributions as a Percentage of Covered Payroll	14.00%	13.18%	13.86%	13.84%

2012	2011	2010	2009	2008	2007
$424,397	$407,961	$435,584	$306,662	$298,529	$302,051
(424,397)	(407,961)	(435,584)	(306,662)	(298,529)	(302,051)
$0	$0	$0	$0	$0	$0
$3,155,370	$3,245,512	$3,217,019	$3,116,480	$3,040,011	$2,828,193
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

Trumbull County Educational Service Center, Ohio

Required Supplementary Information

Schedule of the Educational Service Center's Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$1,070,177	$1,042,429	$961,265	$1,003,180
Contributions in Relation to the Contractually Required Contribution	(1,070,177)	(1,042,429)	(961,265)	(1,003,180)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Educational Service Center Covered Payroll	$7,644,121	$7,445,921	$7,394,346	$7,716,769
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	13.00%

2012	2011	2010	2009	2008	2007
$999,616	$991,835	$1,004,749	$975,308	$956,803	$954,495
(999,616)	(991,835)	(1,004,749)	(975,308)	(956,803)	(954,495)
$0	$0	$0	$0	$0	$0
$7,689,354	$7,629,500	$7,728,838	$7,502,369	$7,360,023	$7,342,269
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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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*

Trumbull County Educational Service Center
Trumbull County
6000 Youngstown Warren Road
Niles, Ohio 44446

To the Governing Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Trumbull County Educational Service Center, Trumbull County, (the ESC) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the ESC's basic financial statements and have issued our report thereon dated November 25, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the ESC'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 ESC'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 a 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 ESC's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the ESC'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 ESC's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the ESC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
November 25, 2016

TRUMBULL COUNTY EDUCATIONAL SERVICE CENTER

TRUMBULL 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
APRIL 4, 2017

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