

**STARK COUNTY SCHOOLS
COUNCIL OF GOVERNMENTS**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2016***

JAMES CARMAN, TREASURER



Dave Yost • Auditor of State

Board of Directors
Stark County Schools Council of Governments
2100 38th Street NW
Canton, Ohio 44709

We have reviewed the *Independent Auditor's Report* of the Stark County Schools Council of Governments, Stark County, prepared by Julian & Grube, 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 Stark County Schools Council of Governments is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 30, 2016

This page intentionally left blank.

**STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS
STARK COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 5
Basic Financial Statements:	
Statement of Net Position - Modified Cash Basis	6
Statement of Cash Receipts, Cash Disbursements And Changes in Net Position - Modified Cash Basis	7
Notes to the Basic Financial Statements.....	8 - 19
Other Information:	
Eight-Year Loss Development Information	20 - 22
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	23 - 24



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Stark County Schools Council of Governments
Stark County
2100 38th Street NW
Canton, Ohio 44709

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the Stark County Schools Council of Governments, Stark County, Ohio, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Stark County Schools Council of Governments' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Stark County Schools Council of Governments' 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 Stark County Schools Council of Governments' 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 modified cash financial position of the Stark County Schools Council of Governments, Stark County, Ohio, as of June 30, 2016, and the changes in modified cash financial position thereof for the fiscal year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis and the eight-year loss development information as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2016, on our consideration of the Stark County Schools Council of Governments' 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 Stark County Schools Council of Governments' internal control over financial reporting and compliance.



Julian & Grube, Inc.
September 28, 2016

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The discussion and analysis of the Stark County Schools Council of Governments' (the "Council") financial performance provides an overall review of the Council's financial activities for the fiscal year ended June 30, 2016, within the limitations of the Council's modified cash basis of accounting. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the modified cash basis financial statements and notes to the basic financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, net position was \$119,753,791 at June 30, 2016.
- The Council had operating receipts of \$230,692,564 and operating disbursements of \$212,777,600 for fiscal year 2016. The Council received \$657,450 in interest receipts during the year. Total change in net position for fiscal year 2016 was an increase of \$18,572,414.

Using these Basic Financial Statements

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

Reporting the Council's Financial Activities

Statement of Net Position - Modified Cash Basis and the Statement of Cash Receipts, Cash Disbursements, and Changes in Net Position – Modified Cash Basis

These documents look at all financial transactions and asks the question, "How did we do financially during 2016?" The statement of net position – modified cash basis and the statement of cash receipts, cash disbursements, and changes in net position – modified cash basis answer this question. These statements include only net position using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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

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

The statement of net position – modified cash basis can be found on page 6 of this report and the statement of cash receipts, cash disbursements, and changes in net position – modified cash basis can be found on page 7 of this report.

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The table below provides a summary of the Council's net position at June 30, 2016 and June 30, 2015.

Net Position

	<u>2016</u>	<u>2015</u>
<u>Assets:</u>		
Cash and investments with fiscal agent	\$ 119,753,791	\$ 101,181,377
Total assets	<u>\$ 119,753,791</u>	<u>\$ 101,181,377</u>
<u>Net position:</u>		
Unrestricted	\$ 119,753,791	\$ 101,181,377
Total net position	<u>\$ 119,753,791</u>	<u>\$ 101,181,377</u>

Net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the Council's net position totaled \$119,753,791, an increase of \$18,572,414 from fiscal year 2015.

The table below shows the changes in net position for fiscal years 2016 and 2015.

Change in Net Position

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Operating receipts:</u>				
Health benefit premium deposits	\$ 221,299,057	\$ 205,219,450	\$ 16,079,607	7.84%
COBRA deposits	293,470	388,123	(94,653)	-24.39%
Flex Pro plan deposits	3,295,112	2,716,695	578,417	21.29%
Stop loss reimbursements	500,000	-	500,000	100.00%
Rebates	5,024,801	2,455,985	2,568,816	104.59%
Refunds	44,476	103,490	(59,014)	-57.02%
ACA legal fees	1,800	600	1,200	200.00%
Salary reimbursement	<u>233,848</u>	<u>-</u>	<u>233,848</u>	100.00%
Total operating receipts	<u>230,692,564</u>	<u>210,884,343</u>	<u>19,808,221</u>	

-- Continued

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Change in Net Position - (Continued)

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Operating disbursements:</u>				
Medical claims	\$ 198,161,645	\$ 195,538,385	\$ 2,623,260	1.34%
Life insurance	1,537,673	1,413,758	123,915	8.76%
Purchased services	10,525,717	9,922,719	602,998	6.08%
Supplies	10,320	9,172	1,148	12.52%
PCORI and reinsurance fees	2,125,045	1,997,464	127,581	6.39%
Salaries and wages	245,211	-	245,211	100.00%
Fringe benefits	92,946	-	92,946	100.00%
Other	79,043	97,498	(18,455)	-18.93%
Total operating disbursements	<u>212,777,600</u>	<u>208,978,996</u>	<u>3,798,604</u>	
<u>Non-operating receipts:</u>				
Interest	<u>657,450</u>	<u>469,891</u>	<u>187,559</u>	39.92%
Change in net position	18,572,414	2,375,238	16,197,176	
Net position at beginning of year	<u>101,181,377</u>	<u>98,806,139</u>		
Net position at end of year	<u>\$ 119,753,791</u>	<u>\$ 101,181,377</u>		

The increase in operating receipts and disbursements can be attributed to primarily one reason. The number of the members of the Council increased from 90 to 93 during fiscal year 2016.

Interest receipts increased in fiscal year 2016 because of slightly higher interest rates on investments and more cash invested.

Current Financial Related Activities

The Council is a shared risk pool, formed to carry out a cooperative program for the provision and administration of health care benefits for members. The Council is constantly assessing insurance needs of its members and acting to provide these services cost-effectively.

The Council receives an actuarial opinion statement annually assessing the claims liability of the Council.

Contacting the Council's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. James Carman, Treasurer, Stark County ESC, 2100 38th Street NW, Canton, Ohio 44709-2300 or by calling (330) 492-8136.

**BASIC
FINANCIAL STATEMENTS**

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2016

Assets:	
Cash and investments with fiscal agent . . .	\$ 119,753,791
Total assets	<u>\$ 119,753,791</u>
Net position:	
Unrestricted.	\$ 119,753,791
Total net position	<u>\$ 119,753,791</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN NET POSITION - MODIFIED CASH BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Operating receipts:	
Health benefit premium deposits	\$ 221,299,057
COBRA deposits	293,470
Flex Pro plan deposits.	3,295,112
Stop loss reimbursements	500,000
Rebates	5,024,801
Refunds.	44,476
ACA legal fees.	1,800
Contracted services	<u>233,848</u>
 Total operating receipts	 <u>230,692,564</u>
Operating disbursements:	
Medical claims	198,161,645
Life insurance.	1,537,673
Purchased services	10,525,717
Supplies.	10,320
PCORI and reinsurance fees	2,125,045
Salaries and wages.	245,211
Fringe benefits.	92,946
Other	<u>79,043</u>
 Total operating disbursements.	 <u>212,777,600</u>
 Excess of operating receipts over operating disbursements	 <u>17,914,964</u>
Non-operating receipts:	
Interest revenue	<u>657,450</u>
 Change in net position	 18,572,414
 Net position at beginning of year.	 <u>101,181,377</u>
 Net position at end of year	 <u><u>\$ 119,753,791</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 - DESCRIPTION OF THE COUNCIL

Stark County Schools Council of Governments, Stark County, Ohio (the "Council") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio as defined by Chapter 167 of the Ohio Revised Code.

The Council is a shared risk pool as defined by Governmental Accounting Standards Board Statement No. 10 as amended by Governmental Accounting Standards Board Statement No. 30. It was formed to carry out a cooperative program for the provision and administration of health care benefits for member employees and to promote other cooperative programs (such as the group rating for workers' compensation) which may be approved in accordance with the Council by-laws.

The Council Assembly is the legislative decision-making body of the Council and is comprised of the superintendent or executive officer from each member. As of June 30, 2016, there were 95 members of the Council. Only the 19 original members from Stark County school districts at the time of the formation of the Council have a vote in the Council Assembly.

Members pay monthly premiums (program costs) that are placed in a common fund from which eligible claims are paid for member employees and their covered dependents. Claims are paid for all participants regardless of claims flows, resulting in a transfer of all risk from the Council back to its members. In order to become a full member of the Council, entities must meet one of two requirements; entities that have been in the program for less than 5 years may maintain a "reserve balance" equal to 30% of their prior fiscal year claims or an entity may have been in the program for 5 years. Full membership is granted whenever one of the requirements is first met.

The Board of Directors is the advisory body of the Council and is comprised of five individuals, including the Superintendent of Stark County Educational Service Center who serves as the Chairman. Among other responsibilities, the Board reviews the applications of potential new Council members, reviews health insurance policies, and selects carriers for insurance coverage. The Board also reviews contracts for the purpose of selecting third-party administrators and makes recommendations to the Council Assembly related to member program costs and adjustments.

The Council Agreement can be terminated by a two-thirds vote of the participating members. Upon such termination, the net reserve balance will be transferred to the members in proportion to their fiscal year premium deposits divided by the total deposits of all members.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

A. Basis of Presentation

The Council's basic financial statements consist of a statement of net position - modified cash basis and statement of cash receipts, cash disbursements, and changes in net position - modified cash basis.

B. Basis of Accounting

The Council's financial statements are prepared using the modified cash basis of accounting. Under the modified cash basis of accounting, receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

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

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

C. Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of the governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The Council uses an enterprise fund to account for its operations. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (disbursements) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of receipts, disbursements, and/or change in net position is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

D. Cash and Investments with Fiscal Agent

The Stark County Educational Service Center (the "Service Center") serves as fiscal agent for the Council. The Service Center maintains the Council's financial activity on the Service Center's books under a specific fund designated for Council activity. The Treasurer of the Service Center, acting as custodian of Council funds, invests monies on behalf of the Council. Investments maintained by the Service Center as fiscal agent include the State Treasury Asset Reserve of Ohio (STAR Ohio), money market accounts, a repurchase agreement, U.S. Treasury notes, commercial paper and federal government agency securities. These investments are valued at cost.

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

The Council has invested funds in STAR Ohio during fiscal year 2016. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State of Ohio to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2016.

An analysis of the Council's cash and investments with its fiscal agent at fiscal year-end is provided in Note 3.

E. Budgetary Process

The Council is not required to follow the budgetary process, but has elected to adopt a formal budget annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level and appropriations may not exceed estimated resources. The Board annually approves appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

3. Encumbrances

The Council reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated. The Council had \$475,313 in encumbrances outstanding at June 30, 2016.

A summary of 2016 budgetary activity appears in Note 4.

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT

The Service Center serves as the fiscal agent for the Council.

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 of Directors has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT - (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

The carrying amount of cash and investments at June 30, 2016 was as follows:

	<u>Maturity</u> <u>(years)</u>	<u>Cost/</u> <u>Carrying Value</u>
Demand deposits	-	\$2,552,784
State Treasury Asset Reserve of Ohio (STAR Ohio)	Less than 1	184,825
Money market accounts	Less than 1	6,678,543
Repurchase agreement	Less than 1	37,000,000
U.S. Treasury Notes	Less than 1	992,576
U.S. Treasury Notes	1 to 5	1,759,101
Commercial paper	Less than 1	5,917,920
Federal National Mortgage Association	Less than 1	3,490,329
Federal National Mortgage Association	1 to 5	17,044,963
Federal Home Loan Mortgage Corporation	Less than 1	999,495
Federal Home Loan Mortgage Corporation	1 to 5	15,405,225
Federal Farm Credit Bank	Less than 1	998,720
Federal Farm Credit Bank	1 to 5	10,608,533
Federal Home Loan Bank	Less than 1	2,487,612
Federal Home Loan Bank	1 to 5	13,633,165
Total deposits and investments		<u>\$119,753,791</u>

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT - (Continued)

Deposits:

Custodial credit risk is the risk that, in the event of bank failure, the Service Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Service Center. Demand deposits were covered by the Federal Deposit Insurance Corporation or collateralized with the financial institution's collateral pool.

Investments:

Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, Federal Home Loan Bank, commercial paper, money market accounts, U.S. Treasury note investments and STAR Ohio are held in book-entry form by the Federal Reserve, in the name of the Service Center's financial institution. The financial institution maintains records identifying the Service Center as the owner of these securities. Disclosures regarding investments of the Service Center are as follows:

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Service Center's investment policy limits investment portfolio maturities to five years or less.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Service Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal government agency securities, commercial paper, U.S. Treasury notes and repurchase agreement are held by the counterparty's trust department or agent but not in the Service Center's name and therefore are exposed to custodial credit risk. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The Service Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk: STAR Ohio and money market accounts carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The Service Center's federal government agency securities, U.S. Treasury notes and the federal agency securities that underlie the repurchase agreement were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The Service Center's commercial paper were rated A-1+ and P-1 by Standard & Poor's and Moody's Investor Services, respectively.

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT - (Continued)

Concentration of Credit Risk: The Service Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Council at June 30, 2016:

<u>Investment type</u>	<u>Cost</u>	<u>% of Total</u>
STAR Ohio	\$ 184,825	0.16
Repurchase agreement	37,000,000	31.57
Money market accounts	6,678,543	5.70
U.S. Treasury notes	2,751,677	2.35
Commercial paper	5,917,920	5.05
FNMA	20,535,292	17.52
FHLMC	16,404,720	14.00
FFCB	11,607,253	9.90
FHLB	<u>16,120,777</u>	<u>13.75</u>
 Total	 <u>\$ 117,201,007</u>	 <u>100.00</u>

NOTE 4 - BUDGETARY ACTIVITY

Budgetary activity for the year ended June 30, 2016 is as follows:

<u>2016 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise	<u>\$ 227,428,728</u>	<u>\$ 231,350,013</u>	<u>\$ 3,921,285</u>

<u>2016 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Enterprise	<u>\$ 219,308,206</u>	<u>\$ 213,252,912</u>	<u>\$ 6,055,294</u>

NOTE 5 - RELATED PARTY TRANSACTIONS

In consideration for its services, the Service Center, as fiscal agent, may receive a fee from the Council in such an amount as approved by the Council Assembly. During the fiscal year ended June 30, 2016, \$880,608 of such fees was paid to the Service Center by the Council.

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 6 - RISK MANAGEMENT

The Council contracts with two third party administrators, Medical Mutual of Ohio and Aultcare, to process and pay health benefit claims incurred by its members. Payments are made by members to the Council for monthly health insurance premiums, monthly stop-loss premiums and administrative charges. During fiscal year 2016, the Council purchased specific stop-loss coverage of \$500,000 per individual and a maximum aggregate stop-loss coverage liability of \$227,113,436. The Council Treasurer makes monthly payments to the third party administrators for stop-loss premiums and administrative charges incurred on behalf of Council members. Any rate increases/decreases from the stop-loss insurance carrier are passed on to Council participants through their individual participation rates negotiated with the stop-loss insurance carrier. All new members of the Council are required to maintain a 30% reserve balance within three years of joining.

The Council reported the following summary of actuarially-measured liabilities and assets available to pay those liabilities at June 30 (latest information available):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash and investments	\$119,753,791	\$ 101,181,377	\$ 98,806,139
Actuarial liabilities	19,856,000	16,233,000	16,136,000

The Council also contracts with Caremark, Inc. (Caremark) for prescription drug services. The Council pays Caremark for administrative services. Caremark then forwards all prescription drug claim activity to the respective benefit plan provider who, in turn, credits individual policies for claims processed.

The Council also contracts with Comp Management, Inc. to provide workers' compensation benefits at a reduced pool rate for its members. The experience rating of each participating member is calculated as one experience rate and applied to all participants in the program.

NOTE 7 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2016, the Council has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Council.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Council.

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 7 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Council.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Council.

NOTE 8 - PENSION PLANS

Plan Description - School Employees Retirement System (SERS)

Plan Description - The Council 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.

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 8 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Council 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. None of the employer contribution rate was allocated to the Health Care Fund.

The Council's contractually required contribution to SERS was \$33,918 for fiscal year 2016.

Plan Description - State Teachers Retirement System of Ohio (STRS Ohio)

Plan Description - Council licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS Ohio. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS Ohio's fiduciary net position. That report can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website 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 increased 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, member contributions are allocated among investment choices by the member, and employer contributions 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.

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 8 - PENSION PLANS - (Continued)

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 Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio 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. The statutory maximum employee contribution rate was increased one percent July 1, 2015, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The Council 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 Council's contractually required contribution to STRS Ohio was \$17,618 for fiscal year 2016.

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The Council 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.

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

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 portion of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 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.

The Council did not make any contributions for health care for fiscal year 2016.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The Council did not make any contributions for health care for fiscal year 2016.

OTHER INFORMATION

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

EIGHT-YEAR LOSS DEVELOPMENT INFORMATION

The following table illustrates how the Council's cash receipts (including investment income) compared to related payments of claims and other cash disbursements made by the Council as of the end of each fiscal year. The rows of the table are defined as follows:

- (1) This line shows the total of each fiscal year's gross received premiums, other income and investment income.
- (2) This line shows non-claims related cash disbursements of the Council for each fiscal year including premiums, administrative fees, professional fees, and other miscellaneous cash disbursements.
- (3) This section shows the cumulative net amount of claims paid as of the end of the accident year.

The Council reports data on a modified cash basis. Premiums and investment income are recorded when received and unallocated cash disbursements and claims are recorded when paid by the Council. A claims liability is not recorded under the Council's modified cash basis of accounting.

Loss development information for the fiscal years ended June 30, 2016, 2015, 2014, 2013, 2012, 2011, 2010 and 2009 is as follows:

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

EIGHT-YEAR LOSS DEVELOPMENT INFORMATION

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1. Premiums, other income and investment income	\$ 150,876,665	\$ 165,321,058	\$ 177,848,528	\$ 165,688,317	\$ 175,546,983	\$ 204,921,923
2. Unallocated cash disbursements	9,926,548	9,988,313	11,027,833	9,103,048	10,632,709	12,232,207
3. Paid, cumulative as of:						
End of accident year	121,542,785	131,211,268	137,552,249	147,517,680	155,585,691	167,387,425
One year later	131,718,726	139,927,658	149,249,915	158,419,213	167,525,995	181,661,697
Two years later	131,771,719	139,996,077	149,238,435	158,359,928	167,562,244	181,750,539
Three years later	131,779,145	140,009,468	149,253,675	158,379,996	167,583,797	
Four years later	131,796,521	140,009,536	149,263,926	158,391,747		
Five years later	131,800,439	140,009,536	149,271,976			
Six years later	131,800,453	140,009,579				
Seven years later	131,800,453					

NOTE: Information prior to 2009 is not available.

<u>2015</u>	<u>2016</u>
\$ 211,354,234	\$ 231,350,014
13,440,611	14,615,955
181,197,531	183,035,163
196,193,774	



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Required by *Government Auditing Standards***

Stark County Schools Council of Governments
Stark County
2100 38th Street NW
Canton, Ohio 44709

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash-basis financial statements of the Stark County Schools Council of Governments, Stark County, Ohio as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Stark County Schools Council of Governments' basic financial statements and have issued our report thereon dated September 28, 2016, wherein we noted the Stark County Schools Council of Governments uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Stark County Schools Council of Governments' 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 Stark County Schools Council of Governments' internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Stark County Schools Council of Governments' 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.

Board of Directors
Stark County Schools Council of Governments

Compliance and Other Matters

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
September 28, 2016

This page intentionally left blank.



Dave Yost • Auditor of State

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENT

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 13, 2016**