

**NORTHWEST OHIO AREA
COMPUTER SERVICES
COOPERATIVE
ALLEN COUNTY, OHIO**

REGULAR AUDIT

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2020 AND JUNE 30, 2021**



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Northwest Ohio Area Computer Services Cooperative
4277 East Rd
Elida, OH 45807

We have reviewed the *Independent Auditor's Report* of the Northwest Ohio Area Computer Services Cooperative, Allen County, prepared by Rea & Associates, Inc., for the audit period July 1, 2019 through June 30, 2021. 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 Northwest Ohio Area Computer Services Cooperative is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 27, 2021

This page intentionally left blank.

Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio
Table of Contents

	<i>Page</i>
Independent Auditor's Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - Governmental Fund Type - For the Fiscal Year Ended June 30, 2021	3
Notes to the Financial Statements for the Fiscal Year Ended June 30, 2021	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Governmental Fund Type - For the Fiscal Year Ended June 30, 2020	10
Notes to the Financial Statements for the Fiscal Year Ended June 30, 2020.....	11
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio
4277 East Road
Elida, OH 45807

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type as of and for the years ended June 30, 2021 and 2020, and related notes of the Northwest Ohio Area Computer Services Cooperative, Allen County, Ohio (the Cooperative).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the accounting principles generally accepted in the United States of America. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 Cooperative'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 Cooperative'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 provide a basis for our adverse opinion.

Basis for Adverse Opinion

As described in Note 2 of the financial statements, the Cooperative prepared these financial statements using the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. However, Ohio Administrative Code Section 117-2-03(B) requires these statements to follow accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Cooperative as of and for the years ended June 30, 2021 and 2020, and the respective changes in financial position or cash flows thereof for the fiscal years then ended.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021, on our consideration of the Cooperative'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 Cooperative's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Lima, Ohio
December 16, 2021

Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio
Combined Statement of Receipts, Disbursements and Changes in Fund Balances
(Regulatory Cash Basis)
Governmental Fund Type
For the Year Ended June 30, 2021

	General
Cash Receipts	
Intergovernmental	\$ 289,509
Charges for Services	3,525,778
Earnings on Investments	9,417
Miscellaneous	33,431
	3,858,135
<i>Total Cash Receipts</i>	<i>3,858,135</i>
Cash Disbursements	
Personal Services	1,154,304
Retirement and Insurance	416,720
Purchased Services	745,542
Supplies and Materials	956,828
Other	32,738
Capital Outlay	97,341
	3,403,473
<i>Total Cash Disbursements</i>	<i>3,403,473</i>
<i>Net Change in Fund Cash Balances</i>	<i>454,662</i>
<i>Fund Cash Balances, July 1</i>	<i>3,101,496</i>
<i>Fund Cash Balances, June 30</i>	<i>\$ 3,556,158</i>

See accompanying notes to the basic financial statements.

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Notes to the Financial Statements
For the Year Ended June 30, 2021*

1. REPORTING ENTITY

The Northwest Ohio Area Computer Services Cooperative (the Cooperative), is a jointly governed organization established in 1980 under Ohio Revised Code Section 3301.75 and is comprised of 54 members. It was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions of member districts. Each of these schools support the Cooperative based upon a per pupil charge dependent on the software package utilized. The Cooperative is governed by a Board of Directors: Two (2) Directors shall be elected from member districts/educational service centers (ESC) in each of the following counties: Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert, for a total of twelve (12) Directors. For each county so represented, one Director shall be a Superintendent and one shall be a Treasurer. Two (2) Directors shall be elected At-Large from Member Districts/ESCs located in any counties not specified above. Of these two (2) At-Large Directors, one shall be a Superintendent and one shall be a Treasurer.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Cooperative's financial statement consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

B. Fund Accounting

The Cooperative uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Cooperative are presented below:

General Fund

The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Cooperative for any purpose provided it is expended or transferred according to the general laws of Ohio.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Notes to the Financial Statements
For the Year Ended June 30, 2021
(Continued)*

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

D. Budgetary Process

The Cooperative is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Board of Directors annually approves the budget for the Cooperative. The budget includes an estimate of the amounts expected to be received and expended by the Cooperative during the fiscal year. Budget amendments are approved by the Board of Directors during the year as required.

The Cooperative utilizes the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of the June 30, 2021 budgetary activity appears in Note 3.

E. Cash and Investments

To improve cash management, cash received by the Cooperative is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Cooperative records.

Each fund's interest is presented as "fund cash balances" on the statements of cash receipts, disbursements and changes in fund balance (cash basis).

During fiscal year 2021, the Cooperative's investments included certificates of deposit. Investments are reported at cost.

F. Capital Assets

The Cooperative records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Cooperative must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Notes to the Financial Statements
For the Year Ended June 30, 2021
(Continued)*

1. Nonspendable

The Cooperative would classify assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Cooperative.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Board can *commit* amounts via formal action (resolution). The Cooperative must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In non-general fund types, the unassigned classification is used only to report a deficit balance.

The Cooperative applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Notes to the Financial Statements
For the Year Ended June 30, 2021
(Continued)*

3. BUDGETARY ACTIVITY

Budgetary activity for the fiscal years ended June 30, 2021 follows:

2021 Budget vs Actual Receipts			
Fund Type	Budget	Actual	Variance
General	\$ 3,564,930	\$ 3,858,135	\$ 293,205

2021 Budget vs Actual Budgetary Basis Disbursements			
Fund Type	Budget	Actual	Variance
General	\$ 3,957,533	\$ 3,644,680	\$ 312,853

4. DEPOSITS AND INVESTMENTS

The Cooperative maintains a deposits and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at June 30, 2021 was as follows:

Demand Deposits	\$ 1,791,169
Other Time Deposits	520,989
Negotiable Certificates of Deposit	1,244,000
Total	\$ 3,556,158

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

At June 30, 2021, \$2,099,741 of deposits were not insured or collateralized.

5. DEFINED BENEFIT PENSION PLANS

The Cooperative's employees belong to the School Employees Retirement System (SERS). SERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. SERS members contributed 10 percent of their gross salaries and the Cooperative contributed an amount equaling 14 percent of participants' gross salaries. The Cooperative has paid all contributions required through June 30, 2021.

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Notes to the Financial Statements
For the Year Ended June 30, 2021
(Continued)*

6. POSTEMPLOYMENT BENEFITS

SERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. None of the employer contributions were allocated to health care for SERS members for fiscal year 2021.

7. RISK MANAGEMENT

The Cooperative has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles.

The Cooperative also provides medical, dental, and life insurance benefits to employees and their covered dependents (See Note 8). Claims have not exceeded this commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

8. INSURANCE POOLS

The Van Wert Area School Insurance Group (VWASIG) is a public entity shared risk pool consisting of six members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Lincolnview Local School District, who serves as fiscal agent, 15945 Middle Point Road, Van Wert, Ohio 45891.

9. CONTINGENT LIABILITIES

Grants

Amounts grantor agencies pay to the Cooperative are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

10. JOINTLY GOVERNED ORGANIZATION

The Cooperative is considered a jointly governed organization (See Note 1). In the event of dissolution of the organization, all current members will share in net obligation or asset liquidations in a ratio proportionate to their last twelve months financial contributions.

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Notes to the Financial Statements
For the Year Ended June 30, 2021
(Continued)*

11. FUND BALANCES

Included in fund balance are amounts the Cooperative cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

	<u>General</u>
Assigned for:	
Purchased Services	\$ 20,253
Retirement and Insurance	881
Materials and Supplies	213,412
Capital Outlay	6,492
Other	<u>169</u>
Total Assigned	<u>241,207</u>
Unassigned	<u>3,314,951</u>
Total Fund Balance	<u><u>\$ 3,556,158</u></u>

12. CHANGES IN ACCOUNTING PRINCIPLE

For 2021, the Cooperative has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

13. COVID - 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Cooperative. The Cooperative's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Cooperative's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Cash Basis)
Governmental Fund Type
For the Fiscal Year Ended June 30, 2020*

	Governmental Fund Type
	General
Cash Receipts	
Intergovernmental	\$ 283,307
Charges for Services	3,135,664
Earnings on Investments	29,380
Miscellaneous	48,495
	3,496,846
<i>Total Cash Receipts</i>	<i>3,496,846</i>
Cash Disbursements	
Personal Services	1,105,148
Retirement and Insurance	418,842
Purchased Services	709,791
Supplies and Materials	1,082,695
Other	31,948
Capital Outlay	70,838
	3,419,262
<i>Total Cash Disbursements</i>	<i>3,419,262</i>
<i>Net Change in Fund Cash Balances</i>	<i>77,584</i>
<i>Fund Cash Balances, July 1</i>	<i>3,023,912</i>
<i>Fund Cash Balances, June 30</i>	<i>\$ 3,101,496</i>

See accompanying notes to the basic financial statements.

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Notes to the Financial Statements
For the Year Ended June 30, 2020*

1. REPORTING ENTITY

The Northwest Ohio Area Computer Services Cooperative (the Cooperative), is a jointly governed organization established in 1980 under Ohio Revised Code Section 3301.75 and is comprised of 54 members. It was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions of member districts. Each of these schools support the Cooperative based upon a per pupil charge dependent on the software package utilized. The Cooperative is governed by a Board of Directors: Two (2) Directors shall be elected from member districts/educational service centers (ESC) in each of the following counties: Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert, for a total of twelve (12) Directors. For each county so represented, one Director shall be a Superintendent and one shall be a Treasurer. Two (2) Directors shall be elected At-Large from Member Districts/ESCs located in any counties not specified above. Of these two (2) At-Large Directors, one shall be a Superintendent and one shall be a Treasurer.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Cooperative's financial statement consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

B. Fund Accounting

The Cooperative uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Cooperative are presented below:

General Fund

The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Cooperative for any purpose provided it is expended or transferred according to the general laws of Ohio.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Notes to the Financial Statements
For the Year Ended June 30, 2020
(Continued)*

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

D. Budgetary Process

The Cooperative is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Board of Directors annually approves the budget for the Cooperative. The budget includes an estimate of the amounts expected to be received and expended by the Cooperative during the fiscal year. Budget amendments are approved by the Board of Directors during the year as required.

The Cooperative utilizes the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of the June 30, 2020 budgetary activity appears in Note 3.

E. Cash and Investments

To improve cash management, cash received by the Cooperative is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Cooperative records.

Each fund's interest is presented as "fund cash balances" on the statements of cash receipts, disbursements and changes in fund balance (cash basis).

During fiscal year 2020, the Cooperative's investments included certificates of deposit. Investments are reported at cost.

F. Property, Plant, and Equipment

The Cooperative records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Cooperative must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Notes to the Financial Statements
For the Year Ended June 30, 2020
(Continued)*

1. Non-spendable

The Cooperative would classify assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Board can *commit* amounts via formal action (resolution). The Cooperative must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a Cooperative official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In non-general fund types, the unassigned classification is used only to report a deficit balance.

The Cooperative applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

I. Extraordinary and Special Item

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Directors and that are either unusual in nature or infrequent in occurrence. No extraordinary or special items for fiscal year 2020.

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Notes to the Financial Statements
For the Year Ended June 30, 2020
(Continued)*

3. BUDGETARY ACTIVITY

Budgetary activity for the fiscal years ended June 30, 2020 follows:

2020 Budget vs Actual Receipts			
Fund Type	Budget	Actual	Variance
General	\$ 3,551,400	\$ 3,496,846	\$ (54,554)

2020 Budget vs Actual Budgetary Basis Disbursements			
Fund Type	Budget	Actual	Variance
General	\$ 3,784,273	\$ 3,551,391	\$ 232,882

4. DEPOSITS AND INVESTMENTS

The Cooperative maintains a deposits and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at June 30, 2020 was as follows:

Demand Deposits	\$ 1,336,765
Other Time Deposits	520,731
Negotiable Certificates of Deposit	1,244,000
Total	\$ 3,101,496

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

At June 30, 2020, \$1,373,806 of deposits were not insured or collateralized.

5. DEFINED BENEFIT PENSION PLANS

The Cooperative's employees belong to the School Employees Retirement System (SERS). SERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For fiscal year 2020 SERS members contributed 10 percent of their gross salaries and the Cooperative contributed an amount equaling 14 percent of participants' gross salaries. The Cooperative has paid all contributions required through June 30, 2020.

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Notes to the Financial Statements
For the Year Ended June 30, 2020
(Continued)*

6. POSTEMPLOYMENT BENEFITS

SERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. None of the employer contributions were allocated to health care for SERS members for fiscal year 2020.

7. RISK MANAGEMENT

The Cooperative has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles.

The Cooperative also provides medical, dental, and life insurance benefits to employees and their covered dependents (See Note 8B). Claims have not exceeded this commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

8. INSURANCE POOLS

A. Ohio Rural Water Association Group Rating Plan

The Cooperative participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Cooperative is a member of the Ohio Rural Water Association.

B. Van Wert Area Schools Insurance Group

The Van Wert Area School Insurance Group (VWASIG) is a public entity shared risk pool consisting of six members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Lincolnview Local School District, who serves as fiscal agent, 15945 Middle Point Road, Van Wert, Ohio 45891.

9. CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Cooperative are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio**

*Notes to the Financial Statements
For the Year Ended June 30, 2020
(Continued)*

B. Jointly Governed Organization

The Cooperative is considered a jointly governed organization (See Note 1). In the event of dissolution of the organization, all current members will share in net obligation or asset liquidations in a ratio proportionate to their last twelve months financial contributions.

10. FUND BALANCES

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Cooperative is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance are presented as follows:

	<u>General</u>
Assigned for:	
Purchased Services	\$ 21,953
Materials and Supplies	109,776
Other	400
Total Assigned	<u>132,129</u>
Unassigned	<u>2,969,367</u>
Total Fund Balance	<u><u>\$ 3,101,496</u></u>

11. COVID - 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Cooperative. The Cooperative's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Cooperative's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Board of Directors
Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio
4277 East Road
Elida, OH 45807

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

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 cash balances, receipts, and disbursements by fund type of the Northwest Ohio Area Computer Services Cooperative, Allen County, Ohio, (the Cooperative) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated December 16, 2021, wherein we noted the Cooperative followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Cooperative'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 Cooperative'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 Cooperative's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Cooperative's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Rea & Associates, Inc.
Lima, Ohio
December 16, 2021

OHIO AUDITOR OF STATE KEITH FABER



NORTHWEST OHIO AREA COMPUTER SERVICES COOPERATIVE

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/6/2022

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

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