



OHIO AUDITOR OF STATE
KEITH FABER



**HAMILTON/CLERMONT COOPERATIVE ASSOCIATION
HAMILTON COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Hamilton/Clermont Cooperative Association
Hamilton County
1007 Cottonwood Drive
Loveland, Ohio 45140

To the Executive Committee:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Hamilton/Clermont Cooperative Association, Hamilton County, Ohio (the Association), which comprises the cash balances, receipts and disbursements as of and for the years ended June 30, 2024, 2023, and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements as of and for the years ended June 30, 2024, 2023, and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Association, as of June 30, 2024, 2023, and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Association, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Association on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. 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 presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024, on our consideration of the Association'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's 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 Association's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
December 11, 2024

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HAMILTON/CLERMONT COOPERATIVE ASSOCIATION

Hamilton County

Statements of Receipts, Disbursements, and
Changes in Fund Balance (Cash Basis)
Proprietary Fund
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating cash receipts:		
Charges for services	\$ 7,698,344	7,838,212
Total operating cash receipts	<u>7,698,344</u>	<u>7,838,212</u>
Operating cash disbursements:		
Personal services	1,918,925	2,012,323
Fringe benefits	603,483	652,033
Contractual services	2,373,919	1,747,741
Supplies and materials	1,833,161	2,520,027
Capital outlay	526,130	800,948
Other objects	53,187	77,612
Principal Expense	50,000	45,000
Interest Expense	38,433	43,269
Total operating cash disbursements	<u>7,397,238</u>	<u>7,898,953</u>
Operating income (loss)	<u>301,106</u>	<u>(60,741)</u>
Non-operating cash receipts and (cash disbursements):		
State subsidy	284,556	283,837
Advances in	-	1,386,636
Advances out	(1,386,636)	(1,939,929)
Transfers in	2,451,030	-
Transfers out	(2,451,030)	-
Total non-operating cash receipts and (cash disbursements)	<u>(1,102,080)</u>	<u>(269,456)</u>
Net receipts over (under) disbursements	(800,974)	(330,197)
Fund cash balance, July 1	<u>1,915,134</u>	<u>2,245,331</u>
Fund cash balance, June 30	\$ <u>1,114,160</u>	<u>1,915,134</u>

See accompanying notes to the financial statements.

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Hamilton/Clermont Cooperative Association
Hamilton County, Ohio
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies

The following accounting principles and practices of the Association are set forth to facilitate the understanding of data presented in the financial statements.

Nature of operations

Hamilton/Clermont Cooperative Association, Hamilton County, Ohio (the Association) is an educational consortia pursuant to Chapter 167 of the Ohio Revised Code and is a member of the Ohio Educational Computer Network. As the agent for the participating communities, the Association was established to provide services to educational providers at reduced costs. These services consist of providing educational accounting software and data processing services. The Hamilton County Educational Service Center (Hamilton Co. ESC), one of the member educational providers, is the fiscal agent for the Association.

The Association is a jointly governed organization consisting of 36 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports the Association and share in a percentage of equity based on the resources provided. The Association is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating School District is limited to its representation of the Board.

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

Accounting Basis

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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Association recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. 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(C) permit.

Cash and Investments

Cash received by the Association is deposited to the operating account of their fiscal agent the Hamilton Co. ESC. Hamilton Co. ESC distributes funds upon authorization of the Association. The chief fiscal officer for the Association is the Treasurer of Hamilton Co. ESC.

Fund accounting

The Association uses fund accounting to segregate cash that is restricted as to use. The Association uses an enterprise fund to account for the unrestricted expendable resources that are available to support the Association's general operations. The majority of the receipts collected in this fund consist of charges for services from member school districts. The Association also receives subsidy monies from the State of Ohio.

Hamilton/Clermont Cooperative Association
Hamilton County, Ohio
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023

Budgetary process

The Association is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Hamilton Co. ESC is the fiscal agent for the Association, therefore, the Association's budgetary procedures follow the budgetary procedures of the Hamilton Co. ESC. The Board of Directors of the Association approves an annual budget prior to submission to the fiscal agent. The specific timetable is as follows:

In June, the Hamilton Co. ESC Treasurer submits to the ESC's Governing Board a temporary proposed operating budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing for all funds. In September, the Governing Board adopts a permanent budget. Prior to June 30, the Governing Board must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated as estimated resources. The budget may be further amended during the year if projected increases or decreases in revenue are identified by the Hamilton Co. ESC Treasurer.

By the June Board meeting, the temporary annual appropriation resolution is legally enacted by the Governing Board at the fund level of expenditures. Resolution appropriations by fund must be within the estimated resources approved by the Governing Board and the total of expenditures and encumbrances may not exceed the appropriation totals. Any revisions that alter the total of any fund appropriation must be approved by the Governing Board.

Property and equipment

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

Unpaid vacation and sick leave

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

Note 2 – Cash with Fiscal Agent

In accordance with the Ohio Revised Code, the Association's cash is held and invested by the Treasurer of the Hamilton Co. ESC, who acts as custodian for Association monies. The Association's assets are held in the Hamilton Co. ESC's cash and investment pool, and are valued at the Treasurer's reported carrying amount. The Association's carrying amounts of cash on deposit with the Hamilton County ESC at June 30, 2024 and 2023 was \$1,114,160 and \$1,915,134 respectively.

Note 3 – Retirement System

The Association contributes to the School Employees Retirement System of Ohio (SERS). SERS is a cost-sharing multiple-employer defined benefit pension plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2024 and 2023, members of SERS contributed 10% of their gross salaries. The Association contributed an amount equal to 14% of participants' gross salaries. The Association paid all contributions required through June 30, 2024 and 2023.

Hamilton/Clermont Cooperative Association
Hamilton County, Ohio
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023

The Association also contributes to the State Teachers Retirement System of Ohio (STRS). STRS is a cost-sharing multiple-employer defined benefit pension plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits and participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2024 and 2023, members of STRS contributed 14% of their gross salaries. The Association contributed an amount equal to 14% of participants' gross salaries. The Association paid all contributions required through June 30, 2024 and 2023.

Note 4 – Risk Management

The Association is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Association is included under the policy coverages of the Hamilton Co. ESC, who carries commercial insurance.

Employees are also provided with health insurance and dental and vision coverage through a private carrier.

Note 5 - Long-Term Debt

On February 15, 2018, the Association entered into an open-ended mortgage and security agreement with First Internet Public Finance Corporation for the purchase of property. The Association is indebted in the principal amount of \$913,750 as of June 30, 2024 pursuant to an Installment Loan Payment Agreement.

	Maturity Date	Beginning Balance July 1, 2023	Additions	Reductions	Ending Balance June 30, 2024	Due In One Year
Governmental Activities:						
2018 Installment Loan Payment Agreement	12/1/2037	\$963,750	\$0	(\$50,000)	\$913,750	\$50,000
Total Long Term Debt		<u>\$963,750</u>	<u>\$0</u>	<u>(\$50,000)</u>	<u>\$913,750</u>	<u>\$50,000</u>

Principal and interest requirements to retire the 2018 Installment Loan Payment Agreement are as follows:

Fiscal Year Ending June 30	Bond and Notes Payable		
	Principal	Interest	Total
2025	\$50,000	\$36,600	\$86,600
2026	55,000	34,500	89,500
2027	55,000	32,300	87,300
2028	60,000	30,000	90,000
2029	60,000	27,600	87,600
2030-2034	340,000	99,400	439,400
2035-2038	320,000	26,200	346,200
Total	<u>\$940,000</u>	<u>\$286,600</u>	<u>\$1,226,600</u>

Hamilton/Clermont Cooperative Association
Hamilton County, Ohio
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023

Note 6 - Advances

All advances that are reported on the financial statements are received from/paid to the Hamilton County Educational Service Center (HCESC) to cover negative cash balances.

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HAMILTON/CLERMONT COOPERATIVE ASSOCIATION

Hamilton County

Statements of Receipts, Disbursements, and
Changes in Fund Balance (Cash Basis)
Proprietary Fund
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating cash receipts:		
Charges for services	\$ <u>7,838,212</u>	\$ <u>6,870,156</u>
Total operating cash receipts	<u>7,838,212</u>	<u>6,870,156</u>
Operating cash disbursements:		
Personal services	2,012,323	2,048,658
Fringe benefits	652,033	658,036
Contractual services	1,747,741	1,676,052
Supplies and materials	2,520,027	1,873,429
Capital outlay	800,948	522,682
Other objects	77,612	70,100
Principal Expense	45,000	71,250
Interest Expense	<u>43,269</u>	<u>45,750</u>
Total operating cash disbursements	<u>7,898,953</u>	<u>6,965,957</u>
Operating income (loss)	<u>(60,741)</u>	<u>(95,801)</u>
Non-operating cash receipts and (cash disbursements):		
State subsidy	283,837	285,343
Advances in	1,386,636	1,939,929
Advances out	<u>(1,939,929)</u>	<u>(1,220,176)</u>
Total non-operating cash receipts and (cash disbursements)	<u>(269,456)</u>	<u>1,005,096</u>
Net receipts over (under) disbursements	(330,197)	909,295
Fund cash balance, July 1	<u>2,245,331</u>	<u>1,336,036</u>
Fund cash balance, June 30	\$ <u><u>1,915,134</u></u>	<u><u>2,245,331</u></u>

See accompanying notes to the financial statements.

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Hamilton/Clermont Cooperative Association
Hamilton County, Ohio
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2023 and 2022

Note 1 - Summary of Significant Accounting Policies

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Nature of operations

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Hamilton/Clermont Cooperative Association
Hamilton County, Ohio
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2023 and 2022

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Hamilton/Clermont Cooperative Association
Hamilton County, Ohio
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2023 and 2022

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Employees are also provided with health insurance and dental and vision coverage through a private carrier.

Note 5 - Long-Term Debt

On February 15, 2018, the Association entered into an open-ended mortgage and security agreement with First Internet Public Finance Corporation for the purchase of property. The Association is indebted in the principal amount of \$963,750 as of June 30, 2023 pursuant to an Installment Loan Payment Agreement.

	Maturity Date	Beginning Balance July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023	Due In One Year
Governmental Activities:						
2018 Installment Loan Payment Agreement	12/1/2037	\$1,008,750	\$0	(\$45,000)	\$963,750	\$50,000
Total Long Term Debt		<u>\$1,008,750</u>	<u>\$0</u>	<u>(\$45,000)</u>	<u>\$963,750</u>	<u>\$50,000</u>

Principal and interest requirements to retire the 2018 Installment Loan Payment Agreement are as follows:

Fiscal Year Ending June 30	Bond and Notes Payable		
	Principal	Interest	Total
2024	\$50,000	\$38,600	\$88,600
2025	50,000	36,600	86,600
2026	55,000	34,500	89,500
2027	55,000	32,300	87,300
2028	60,000	30,000	90,000
2029-2033	325,000	112,700	437,700
2034-2038	<u>395,000</u>	<u>40,500</u>	<u>435,500</u>
Total	<u>\$990,000</u>	<u>\$325,200</u>	<u>\$1,315,200</u>

**Hamilton/Clermont Cooperative Association
Hamilton County, Ohio
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2023 and 2022**

Note 6 - Advances

All advances that are reported on the financial statements are received from/paid to the Hamilton County Educational Service Center (HCESC) to cover negative cash balances.

Note 7 – 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. Ohio's state of emergency ended in June of 2021 while the national state of emergency ended in April 2023.

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OHIO AUDITOR OF STATE KEITH FABER



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

Hamilton/Clermont Cooperative Association
Hamilton County
1007 Cottonwood Drive
Loveland, Ohio 45140

To the Executive Committee:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for the years ended June 30, 2024, 2023, and 2022 and the related notes to the financial statements of the Hamilton/Clermont Cooperative Association, Hamilton County, Ohio (the Association) and have issued our report thereon dated December 11, 2024, wherein we noted the Association followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
December 11, 2024

OHIO AUDITOR OF STATE KEITH FABER



HAMILTON-CLERMONT COOPERATIVE ASSOCIATION

HAMILTON 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 12/24/2024

65 East State 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