

NORTHWEST OHIO AREA
COMPUTER SERVICES COOPERATIVE
ALLEN COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2023 and JUNE 30, 2022



www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Northwest Ohio Area Computer Services Cooperative
4277 East Road
Elida, Ohio 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, 2021 through June 30, 2023. 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 black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 03, 2024

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ALLEN COUNTY, OHIO
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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Northwest Ohio Area Computer Services Cooperative, Allen County, Ohio (the Cooperative), which comprises the cash balances, receipts and disbursements as of and for the years ended June 30, 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, 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 2.

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 Cooperative, as of June 30, 2023 and 2022, or the changes in financial position 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 Cooperative, 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 2 of the financial statements, the financial statements are prepared by the Cooperative 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 2 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 Cooperative'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 Cooperative'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 Cooperative'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 November 21, 2023, 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. 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 Cooperative'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 Cooperative's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Lima, Ohio
November 21, 2023

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 Fiscal Year Ended June 30, 2023

	General
Cash Receipts	
Intergovernmental	\$ 280,901
Charges for Services	3,735,447
Earnings on Investments	70,600
Miscellaneous	31,698
<i>Total Cash Receipts</i>	4,118,646
Cash Disbursements	
Personal Services	1,243,279
Retirement and Insurance	481,544
Purchased Services	740,075
Supplies and Materials	1,360,203
Capital Outlay	232,276
Other	20,100
<i>Total Cash Disbursements</i>	4,077,477
<i>Net Change in Fund Cash Balances</i>	41,169
<i>Fund Cash Balances, July 1</i>	3,708,731
<i>Fund Cash Balances, June 30</i>	\$ 3,749,900

See accompanying notes to the basic financial statements.

Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 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 3301.075 and is comprised of over 50 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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 (C). 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).

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.

Northwest Ohio Area Computer Services Cooperative

Allen County, Ohio

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2023

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, 2023 budgetary activity appears in Note 3.

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 2023, the Cooperative's investments included certificates of deposit and Star Ohio. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

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.

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:

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.

Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

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.

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.

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.

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the fiscal years ended June 30, 2023 follows:

2023 Budget vs Actual Receipts			
Fund Type	Budget	Actual	Variance
General	\$ 3,982,497	\$ 4,118,646	\$ 136,149

2023 Budget vs Actual Budgetary Basis Disbursements			
Fund Type	Budget	Actual	Variance
General	\$ 4,430,681	\$ 4,178,239	\$ 252,442

Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 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, 2023 was as follows:

Demand Deposits	\$ 493,131
STAR Ohio	1,497,769
Negotiable Certificates of Deposit	<u>1,759,000</u>
Total	<u>\$ 3,749,900</u>

Deposits

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.

As of June 30, 2023, deposits are collateralized through the Federal Deposit Insurance Corporation (FDIC).

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

NOTE 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, 2023.

NOTE 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 2023.

Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 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.

NOTE 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 Crestview Local School District, who serves as fiscal agent, 531 E. Tully Street, Convoy, Ohio 45832.

NOTE 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.

NOTE 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.

NOTE 11 - FUND BALANCES

Included in fund balance may be amounts the Cooperative cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpended 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

	<u>General</u>
Assigned for:	
Purchased Services	\$ 59,584
Materials and Supplies	40,493
Other	682

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 Fiscal Year Ended June 30, 2022

	General
Cash Receipts	
Intergovernmental	\$ 281,097
Charges for Services	3,584,724
Earnings on Investments	1,006
Miscellaneous	50,653
<i>Total Cash Receipts</i>	3,917,480
Cash Disbursements	
Personal Services	1,183,483
Retirement and Insurance	460,971
Purchased Services	782,802
Supplies and Materials	1,277,389
Other	23,340
Capital Outlay	36,922
<i>Total Cash Disbursements</i>	3,764,907
<i>Net Change in Fund Cash Balances</i>	152,573
<i>Fund Cash Balances, July 1</i>	3,556,158
<i>Fund Cash Balances, June 30</i>	\$ 3,708,731

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, 2022

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 over 50 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, 2022
(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, 2022 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 2022, 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, 2022

(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, 2022
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the fiscal years ended June 30, 2022 follows:

2022 Budget vs Actual Receipts			
Fund Type	Budget	Actual	Variance
General	\$ 3,547,810	\$ 3,917,480	\$ 369,670

2022 Budget vs Actual Budgetary Basis Disbursements			
Fund Type	Budget	Actual	Variance
General	\$ 3,948,456	\$ 3,852,888	\$ 95,568

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, 2022 was as follows:

Demand Deposits	\$ 1,453,483
Other Time Deposits	521,248
Negotiable Certificates of Deposit	1,734,000
Total	\$ 3,708,731

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, 2022, deposits are collateralized through 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.

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.

Northwest Ohio Area Computer Services Cooperative
Allen County, Ohio
Notes to the Financial Statements
For the Year Ended June 30, 2022
(Continued)

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, 2022.

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 2022.

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, 2022
(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	\$ 11,586
Retirement and Insurance	7,973
Materials and Supplies	27,558
Capital Outlay	28,058
Other	12,808

12. SUBSEQUENT EVENTS

As of March, 2023, financial information can be obtained from the Crestview Local School District, who serves as fiscal agent, 531 E. Tully Street, Convoy, Ohio 45832.

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

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

To the Board of Trustees:

We have audited, in accordance with 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 of the Northwest Ohio Area Computer Services Cooperative, Allen County, Ohio, (the Cooperative) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated November 21, 2023, wherein we noted the Cooperative followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control over Financial Reporting

In planning and performing 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 for the purpose of expressing our opinion on the financial statements, but not to the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Cooperative'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 material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of reasonably assuring whether the Cooperative's financial statements are free of 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 we must report 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 Cooperative'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 Cooperative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Lima, Ohio
November 21, 2023

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 1/16/2024

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