

**CENTRAL OHIO INTEROPERABLE RADIO SYSTEM  
FRANKLIN COUNTY, OHIO**

**FINANCIAL STATEMENT  
(AUDITED)**

**FOR THE YEAR ENDED  
DECEMBER 31, 2015**

**BRYAN THURMAN, TREASURER**





# Dave Yost • Auditor of State

Members of the Board  
Central Ohio Interoperable Radio System  
5200 Emerald Parkway  
Dublin, Ohio 43017

We have reviewed the *Independent Auditor's Report* of the Central Ohio Interoperable Radio System, Franklin County, prepared by Julian & Grube, Inc, for the audit period January 1, 2015 through December 31, 2015. 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 Central Ohio Interoperable Radio System is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

June 15, 2016

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**CENTRAL OHIO INTEROPERABLE RADIO SYSTEM  
FRANKLIN COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

Independent Auditor's Report

Central Ohio Interoperable Radio System  
Franklin County  
5200 Emerald Parkway  
Dublin, Ohio 43017

To the Board Members:

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Central Ohio Interoperable Radio System (COIRS), Franklin County, Ohio, as of and for the year ended December 31, 2015.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 this financial statement 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 statement is 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 COIR's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of COIRS's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statement, COIRS prepared this financial statement using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though COIRS does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* 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 COIRS as of December 31, 2015, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the ending cash balances of COIRS, Franklin County, as of December 31, 2015, and its cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2016, on our consideration of COIR'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 COIRS's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
April 26, 2016



Central Ohio Interoperable Radio System  
Franklin County  
Statement of Cash Receipts, Cash Disbursements  
and Changes in Fund Cash Balance  
For the Year Ended December 31, 2015

	General Fund
Cash Receipts:	
Intergovernmental	\$56,750
Interest	1,136
	57,886
Total Cash Receipts	57,886
Cash Disbursements:	
Utilities	3,318
Professional services	85,859
Maintenance of equipment	4,671
Insurance and bonding	7,736
Capital outlay	700,815
	802,399
Total Cash Disbursements	802,399
Net Change in Fund Cash Balance	(744,513)
Beginning Fund Cash Balance	1,441,152
Ending Fund Cash Balances:	
Committed for System Upgrade	21,000
Assigned for future obligations	174,149
Unassigned	501,490
Total Ending Fund Cash Balance	\$696,639

Central Ohio Interoperable Radio System  
Franklin County  
Notes to the Financial Statement  
December 31, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Central Ohio Interoperable Radio System Council of Governments, Franklin County, Ohio, (COIRS) as a body corporate and politic. COIRS was established in 2009 through an agreement approved by the City of Dublin, the City of Worthington, and Delaware County to allow the members to collaborate in order to create an improved dispatching system with enhanced technology, redundancy, spectrum efficiency and interoperability that will better serve the residents of each member's political subdivision. However, the operation of COIRS did not begin until 2010. Additional political subdivisions may apply for membership in COIRS and will be admitted upon unanimous consent of the representatives of COIRS's Governing Board. In 2014, the City of Hilliard was admitted to COIRS as a member.

The business of COIRS is managed by the Governing Board as established in the Agreement to Establish a Regional Council of Governments. The Governing Board shall exercise all powers of COIRS which are not otherwise required to be exercised by the members. The Governing Board shall consist of one (1) representative from each member and any subsequently added political subdivisions. The representative from each member shall be the highest ranking member of that member (e.g. city manager, county administrator) or a designee of that political subdivision. All representatives of the Governing Board are appointed through formal action taken by the political subdivision. Each representative of the Governing Board is entitled to vote on all matters submitted to the Board for a vote.

The City of Dublin, Franklin County, Ohio, serves as the fiscal agent for COIRS and provides certain accounting and administrative services to COIRS.

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

**Accounting basis**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. COIRS 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 Auditor of State prescribes or permits.

**Cash and investments**

COIRS's cash is held and invested by the City of Dublin, who acts as custodian for COG monies. COIRS's deposits are held in the City of Dublin's cash and investment pool and are valued at the City's reported carrying amount.

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2015 was \$696,639.

Central Ohio Interoperable Radio System  
Franklin County  
Notes to the Financial Statement  
December 31, 2015

**Fund accounting**

COIRS uses fund accounting to segregate cash and investments that are restricted as to use. The General Fund is the general operating fund of COIRS and is used to account for all financial resources.

**Fund balance**

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

Nonspendable – fund balance is classified as nonspendable when legally or contractually required to maintain the amounts intact.

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 – COIRS can commit amounts via formal action (resolution) by the Governing Board. COIRS must adhere to these commitments unless the Governing 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. Assigned amounts also represent intended uses established by the Governing Board or an official delegated the authority to do so by the Governing Board, or by State Statute.

Unassigned – unassigned fund balance is the residual classification for amounts not included within the other classifications.

At December 31, 2015, COIRS had no fund balance classified as nonspendable or restricted. Committed fund balance represents the extent to which funds have been specifically committed to satisfy the contractual commitment for the System Upgrade Project. COIRS applies assigned resources first when expenditures are incurred for purposes for which either assigned or unassigned amounts are available.

**Budgetary process**

The Ohio Revised Code does not require COIRS to budget annually. However, management prepares a budget for internal monitoring. Expenditures that are within the agreed upon budget shall require a majority consent by a quorum of the Governing Board whereas expenditures that are outside the agreed upon budget shall require a unanimous consent by the representatives of the Governing Board. Budgetary basis expenditures include outstanding year end encumbrances.

A summary of 2015 budgetary activity appears in Note 2.

Central Ohio Interoperable Radio System  
Franklin County  
Notes to the Financial Statement  
December 31, 2015

**Operating personnel**

Through the Agreement to Establish a Regional Council of Governments, COIRS has the authority to perform all functions necessary to establish, improve, maintain, unwind and dispose of the System, including employing staff necessary to assist in the operations of COIRS. As of December 31, 2015, COIRS did not have any employees.

**Property, plant, and equipment**

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

Property, plant, and equipment contributed by members of COIRS are classified as either a Type 1 physical asset or a Type 2 physical asset. Type 1 physical assets shall remain with the member subdivision that initially provided the asset to COIRS upon the withdrawal or removal of that member or upon the dissolution of COIRS. Type 2 physical assets shall be considered physical assets of COIRS and shall remain an asset of COIRS upon the withdrawal or removal of the member initially providing the asset. Upon dissolution of COIRS, a Type 2 physical asset shall revert back to the member that initially provided the asset.

**2. BUDGETARY ACTIVITY:**

Budgetary activity for year ended December 31, 2015 is as follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$120,000	\$57,886	\$(62,114)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Budgetary Expenditures	Variance
General	\$1,002,144	\$997,548	\$4,596

**3. RISK MANAGEMENT:**

COIRS has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles, and
- Errors and omissions.

Settled claims have not exceeded this coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

Central Ohio Interoperable Radio System  
Franklin County  
Notes to the Financial Statement  
December 31, 2015

**4. RELATED PARTY TRANSACTIONS:**

COIRS's operations are funded through fees charged to member subdivisions to cover the annual budgeted operating expenditures. For the year ended December 31, 2015 member fees received by COIRS consisted of the following:

Subdivision	Fee Contributed
City of Dublin	\$17,417
City of Worthington	17,416
Delaware County	4,500
City of Hilliard	17,417

**5. SIGNIFICANT COMMITMENTS**

**Contractual Commitment**

As of December 31, 2015, COIRS had the following contractual purchase commitment related to the System Upgrade Project:

Contractor	Contract Amount	Amount Expended	Balance at December 31, 2015
Fibertech Holdings Corp.	\$21,000	\$0	\$21,000

**Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Encumbrances outstanding at year-end are reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were \$195,149.



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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

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

Central Ohio Interoperable Radio System  
Franklin County  
5200 Emerald Parkway  
Dublin, Ohio 43017

To the Board Members:

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 Central Ohio Interoperable Radio System (COIRS), Franklin County, as of and for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated April 26, 2016, wherein we noted COIRS 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 COIRS internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of COIRS 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 COIRS financial statement. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board Members  
Central Ohio Interoperable Radio System

***Compliance and Other Matters***

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

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

Julian & Grube, Inc.  
April 26, 2016

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# Dave Yost • Auditor of State

## CENTRAL OHIO INTEROPERABLE RADIO SYSTEM

### FRANKLIN COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 28, 2016