



OHIO AUDITOR OF STATE
KEITH FABER



**UNIFIED PURCHASING COOPERATIVE OF THE OHIO RIVER VALLEY
HAMILTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statements of Receipts, Disbursements, and Changes in Fund Balance – Cash Basis Proprietary Fund For the Year Ended June 30, 2022.....	5
Notes to the Financial Statements For the Year Ended June 30, 2022.....	6
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Unified Purchasing Cooperative of the Ohio River Valley
Hamilton County
7615 Harrison Avenue
Cincinnati, Ohio 45231

To the Board of Directors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Unified Purchasing Cooperative of the Ohio River Valley, Hamilton County, Ohio (the Cooperative), which comprises the cash balances, receipts and disbursements for the proprietary fund type as of and for the year ended June 30, 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 for the proprietary fund type as of and for the year ended June 30, 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 Cooperative, as of June 30, 2022, or the changes in financial position or, where applicable, cash flows thereof for the year 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 1 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 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 5 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Cooperative. Our opinion is not modified with respect to this matter.

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 December 22, 2022, 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.



Keith Faber
Auditor of State
Columbus, Ohio
December 22, 2022

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**UNIFIED PURCHASING COOPERATIVE
OF THE OHIO RIVER VALLEY**

Statements of Receipts, Disbursements, and
Changes in Fund Balance - Cash Basis
Proprietary Fund

For the Year Ended June 30, 2022

	<u>2022</u>
Operating cash receipts:	
Charges for services	\$ <u>475</u>
Total operating cash receipts	<u>475</u>
Operating cash disbursements:	
Personal services	158,155
Fringe benefits	38,705
Contractual services	38,099
Supplies and materials	533
Capital outlay	2,071
Other objects	<u>47,036</u>
Total operating cash disbursements	<u>284,599</u>
Operating income (loss)	<u>(284,124)</u>
Non-operating cash receipts:	
Commissions	332,284
Other	<u>20,775</u>
Total non-operating cash receipts	<u>353,059</u>
Net receipts over disbursements	68,935
Cash balance, July 1	<u>707,680</u>
Cash balance, June 30	\$ <u><u>776,615</u></u>

See accompanying notes to the financial statements.

Unified Purchasing Cooperative of the Ohio River Valley, Hamilton County
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies

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

Nature of operations

Unified Purchasing Cooperative of the Ohio River Valley, Hamilton County, Ohio (the Cooperative) is a Council of Government established under Ohio Revised Code Section 167.04. The Cooperative was formed in 1963 when five local school districts in Hamilton County joined together to purchase classroom and office supplies, audio-visual equipment and other common items. Today, the Cooperative has grown to include 53 public school districts, 81 non-public schools, 3 joint vocational school districts, 1 MRDD, 2 Head Start Programs, 4 educational service centers and 6 other non-profit organizations from southwestern Ohio, northern Kentucky and southeastern Indiana. As a result of this growth, Unified Purchasing Cooperative became a Council of Government (COG) in July 2006 in compliance with Ohio Revised Code Section 167.04. The Hamilton County Educational Service Center (Hamilton Co. ESC), one of the member educational providers, is the fiscal agent for the Cooperative.

The Cooperative is a jointly governed organization. The jointly governed organization was formed for the purpose of pooling purchasing power in order to obtain the best prices for quality products and services. Each of the governments of these members supports the Cooperative and share in a percentage of equity based on the resources provided. The Board of Directors shall be elected from among the Active Members as follows: One representative from Hamilton County; One representative from Clermont County; One representative from Butler County; One representative from Brown County; One representative from Kentucky; One representative from Indiana; One at-large representative from a public school district with an enrollment greater than 5,000 students; Superintendent of Hamilton County Educational Service Center; Superintendent of Clermont County Educational Service Center. The degree of control exercised by any participating member is limited to its representation of the Board.

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

Financial statement presentation

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 Cooperative 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 with fiscal agent

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

**Unified Purchasing Cooperative of the Ohio River Valley,
Hamilton County Notes to the Financial Statements
For the Year Ended June 30, 2022**

Fund accounting

The Cooperative uses fund accounting to segregate cash that is restricted as to use. The Cooperative uses an enterprise fund to account for the unrestricted expendable resources that are available to support the Cooperative's general operations. The majority of the receipts collected in this fund consist of charges for services from members and commissions.

Budgetary process

Since Hamilton Co. ESC is the fiscal agent for the Cooperative, the Cooperative's budgetary procedures follow the budgetary procedures of Hamilton Co. ESC. The Cooperative is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Board of Directors of the Cooperative 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. 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.

Note 2 - Cash with Fiscal Agent

In accordance with the Ohio Revised Code, the Cooperative's cash is held and invested by the Treasurer of Hamilton Co. ESC, who acts as custodian for Cooperative monies. The Cooperative's assets are held in Hamilton Co. ESC's cash and investment pool, and are valued at the Treasurer's reported carrying amount. The Cooperative's carrying amounts of cash on deposit with Hamilton County ESC at June 30, 2022 was \$776,615.

Note 3 - Retirement System

The Cooperative 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 2022, members of SERS contributed 10% of their gross salaries. The Cooperative contributed an amount equal

**Unified Purchasing Cooperative of the Ohio River Valley,
Hamilton County Notes to the Financial Statements
For the Year Ended June 30, 2022**

to 14% of participants' gross salaries. The Cooperative paid all contributions required through June 30, 2022.

Note 4 - Risk Management

The Cooperative 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 Cooperative is included under the policy coverages of Hamilton Co. ESC, who carries commercial insurance.

Note 5- 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, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures could impact subsequent periods of the Cooperative. The impact on the Cooperative's future operating costs and revenues cannot be estimated.

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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

Unified Purchasing Cooperative of the Ohio River Valley
Hamilton County
7615 Harrison Avenue
Cincinnati, Ohio 45231

To the Board of Directors:

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 proprietary fund type as of and for the year ended June 30, 2022, and the related notes to the financial statements of the Unified Purchasing Cooperative of the Ohio River Valley, Hamilton County (the Cooperative), and have issued our report thereon dated December 22, 2022, wherein we noted the Cooperative followed financial reporting provisions Ohio Rev. Code Section 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Cooperative.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cooperative'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 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 a 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 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 Cooperative'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 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.



Keith Faber
Auditor of State
Columbus, Ohio
December 22, 2022

OHIO AUDITOR OF STATE KEITH FABER



UNIFIED PURCHASING COOPERATIVE OF THE OHIO RIVER VALLEY

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 1/3/2023

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