



Mary Taylor, CPA
Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Fiscal Year Ended June 30, 2009	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Fiscal Year Ended June 30, 2008	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

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Mary Taylor, CPA

Auditor of State

Northwest Ohio Area Computer Services Cooperative
Allen County
645 South Main Street
Lima, Ohio 45804

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

December 24, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Northwest Ohio Area Computer Services Cooperative
Allen County
645 South Main Street
Lima, Ohio 45804

To the Board of Directors:

We have audited the accompanying financial statements of the Northwest Ohio Area Computer Services Cooperative, Allen County (the Cooperative), as of and for the fiscal years ended June 30, 2009 and 2008. These financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Cooperative has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Cooperative's larger (i.e. major) funds separately. While the Cooperative does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Cooperative has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the fiscal years ended June 30, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Cooperative as of June 30, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Northwest Ohio Area Computer Services Cooperative, Allen County, as of June 30, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Cooperative has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 24, 2009

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$384,889	\$1,173,893	\$1,558,782
Charges for Services	1,947,822	215,258	2,163,080
Earnings on Investments	36,511		36,511
Miscellaneous	51,183	4,558	55,741
Total Cash Receipts	<u>2,420,405</u>	<u>1,393,709</u>	<u>3,814,114</u>
Cash Disbursements:			
Personal Services	847,181	944,891	1,792,072
Retirement and Insurance	291,482	324,790	616,272
Purchased Services	1,035,720	240,006	1,275,726
Supplies and Materials	27,132	5,014	32,146
Capital Outlay	60,855	14,297	75,152
Other	33,136	20,797	53,933
Total Cash Disbursements	<u>2,295,506</u>	<u>1,549,795</u>	<u>3,845,301</u>
Total Receipts Over/(Under) Disbursements	124,899	(156,086)	(31,187)
Other Financing Receipts / (Disbursements):			
Refund of Prior Years Expenditures	5,427		5,427
Transfers-In		180,000	180,000
Transfers-Out	(180,000)		(180,000)
Total Other Financing Receipts / (Disbursements)	<u>(174,573)</u>	<u>180,000</u>	<u>5,427</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(49,674)	23,914	(25,760)
Fund Cash Balances, July 1	<u>1,283,361</u>	<u>304,960</u>	<u>1,588,321</u>
Fund Cash Balances, June 30	<u><u>1,233,687</u></u>	<u><u>328,874</u></u>	<u><u>1,562,561</u></u>
Reserve for Encumbrances, June 30	<u><u>\$101,686</u></u>	<u><u>\$5,316</u></u>	<u><u>\$107,002</u></u>

The notes to the financial statements are an integral part of this statement.

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$461,964	\$1,157,631	\$1,619,595
Charges for Services	1,830,640	207,482	2,038,122
Earnings on Investments	54,223		54,223
Miscellaneous	80,785		80,785
Total Cash Receipts	<u>2,427,612</u>	<u>1,365,113</u>	<u>3,792,725</u>
Cash Disbursements:			
Personal Services	821,087	916,764	1,737,851
Retirement and Insurance	273,909	312,193	586,102
Purchased Services	894,649	305,924	1,200,573
Supplies and Materials	28,008	4,982	32,990
Capital Outlay	100,336	61,917	162,253
Other	49,176	20,797	69,973
Total Cash Disbursements	<u>2,167,165</u>	<u>1,622,577</u>	<u>3,789,742</u>
 Total Receipts Over/(Under) Disbursements	 260,447	 (257,464)	 2,983
Other Financing Receipts / (Disbursements):			
Refund of Prior Years Expenditures	29		29
Refund of Prior Years Receipts	(31,840)		(31,840)
Transfers-In		90,000	90,000
Transfers-Out	(90,000)		(90,000)
Total Other Financing Receipts / (Disbursements)	<u>(121,811)</u>	<u>90,000</u>	<u>(31,811)</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 138,636	 (167,464)	 (28,828)
 Fund Cash Balances, July 1	 <u>1,144,725</u>	 <u>472,424</u>	 <u>1,617,149</u>
 Fund Cash Balances, June 30	 <u>1,283,361</u>	 <u>304,960</u>	 <u>1,588,321</u>
 Reserve for Encumbrances, June 30	 <u>\$10,523</u>	 <u>\$1,325</u>	 <u>\$11,848</u>

The notes to the financial statements are an integral part of this statement.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the 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 50 member school districts. 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 consisting of 13 members, the Superintendent of the Fiscal Agent District, and two representatives from each county.

The Western Buckeye Educational Service Center (ESC) serves as the fiscal agent and custodian of the Cooperative's assets.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Cash and Investments

The Western Buckeye Educational Service Center (ESC), is custodian for the Cooperative's cash. To improve cash management, all cash received by the fiscal agent is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the fiscal agent's accounting records.

D. Fund Accounting

The Cooperative uses fund accounting to segregate cash and investments that are restricted as to use. The Cooperative classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Cooperative had the following significant Special Revenue Funds:

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INFOhio Fund – The Cooperative has an agreement to render services to the Management Council of the Ohio Educational Computer Network (MCOECN) as an INFOhio Support Site for the benefit of the Ohio Education Computer Network and Ohio school districts. The monies received in this fund are a result of services rendered through this agreement.

DASL Project Fund – The Cooperative has an agreement to render services to the Management Council of the Ohio Educational Computer Network (MCOECN) as a Data Analysis for Student Learning (DASL) Development and Support Site for the benefit of the Ohio Education Computer Network and Ohio school districts. The monies received in this fund are a result of services rendered through this agreement.

E. 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 June 30, 2009 and 2008 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,580,345	\$2,425,832	(\$154,513)
Special Revenue	1,574,339	1,573,709	(630)
Total	\$4,154,684	\$3,999,541	(\$155,143)

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,823,127	\$2,577,192	\$1,245,935
Special Revenue	1,870,977	1,555,111	315,866
Total	<u>\$5,694,104</u>	<u>\$4,132,303</u>	<u>\$1,561,801</u>

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,451,539	\$2,427,641	(\$23,898)
Special Revenue	1,460,812	1,455,113	(5,699)
Total	<u>\$3,912,351</u>	<u>\$3,882,754</u>	<u>(\$29,597)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,596,263	\$2,299,528	\$1,296,735
Special Revenue	1,933,227	1,623,902	309,325
Total	<u>\$5,529,490</u>	<u>\$3,923,430</u>	<u>\$1,606,060</u>

3. DEPOSITS AND INVESTMENTS

The Western Buckeye Educational Service Center (ESC), as fiscal agent, maintains a cash and investment pool used by all funds. The ESC's records indicated the Cooperative's cash balances at June 30, 2009 and June 30, 2008 were \$1,562,561 and \$1,588,321, respectively. For information regarding risk relating to the deposits and investments of the Cooperative, the Treasurer of the Western Buckeye ESC may be contacted at 202 North Cherry Street, P.O. Box 176, Paulding, Ohio 45879-0176.

4. RETIREMENT SYSTEM

The Cooperative's employees belong to the School Employees Retirement System of Ohio (SERS). SERS is a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For fiscal years ended June 30, 2009 and 2008, SERS members contributed 10 percent of their annual covered salary. The Cooperative contributed an amount equal to 14 percent of annual covered payroll. The Cooperative has paid all contributions required through June 30, 2009.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
(Continued)**

5. 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 6B).

6. INSURANCE POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The Cooperative participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Van Wert Area Schools Insurance Group

The Van Wert Area School Insurance Group (VWASIG) is a public entity shared risk pool consisting of five 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 Van Wert City School District, who serves as fiscal agent, 641 North Jefferson Street, Van Wert, Ohio 45891.

7. CONTINGENT LIABILITIES

A. Grants

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

B. Jointly Governed Organization

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



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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
645 South Main Street
Lima, Ohio 45804

To the Board of Directors:

We have audited the financial statements of the Northwest Ohio Area Computer Services Cooperative, Allen County (the Cooperative), as of and for the fiscal years ended June 30, 2009 and 2008, and have issued our report thereon dated December 24, 2009, wherein we noted the Cooperative followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cooperative's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Cooperative's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Cooperative's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Cooperative's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Cooperative's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Cooperative's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Cooperative's management in a separate letter dated December 24, 2009.

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Compliance and Other Matters

As part of reasonably assuring whether the Cooperative's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

The Cooperative's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Cooperative's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the management and Board of Directors. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 24, 2009

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

**SCHEDULE OF FINDINGS
JUNE 30, 2009 AND 2008**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Rev. Code Section 117.38 requires that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal end. These reports must be filed on forms prescribed by the Auditor of State. However, if the Auditor of State has not prescribed a form for the report, the public office shall submit its report on the form utilized by the public office. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Cooperative did not file its fiscal year 2009 or 2008 annual financial report with the Auditor of State. In addition, the Cooperative did not publish notice that the fiscal year 2009 and 2008 financial statements were available for public inspection.

The Cooperative's Board should implement monitoring procedures to help assure the timely filing and public notification of annual financial reports.

OFFICIAL'S RESPONSE:

NOACSC will file its 2008 and 2009 annual financial reports with the Auditor of State and we will publish notice that they are available for public inspection. All of the items will be completed by February 5, 2010.



Mary Taylor, CPA
Auditor of State

NORTHWEST OHIO AREA COMPUTER SERVICES COOPERATIVE

ALLEN 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
FEBRUARY 4, 2010**