
**Central Ohio Interoperable Radio System
Council of Governments**

Franklin County, Ohio

Financial Statement – Cash Basis

December 31, 2011

(with Independent Auditors' Report)



Dave Yost • Auditor of State

Governing Board
Central Ohio Interoperable Radio System Council of Governments
6565 Commerce Parkway
Dublin, Ohio 43017

We have reviewed the *Independent Auditors' Report* of the Central Ohio Interoperable Radio System Council of Governments, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2011 through December 31, 2011. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Council of Governments is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

July 30, 2012

This page intentionally left blank.

TABLE OF CONTENTS

Independent Auditors' Report 1-2

Statement of Cash Receipts, Cash Disbursements, and Changes in Fund
Cash Balance – General Fund - For the Year Ended December 31, 2011 3

Notes to the Financial Statement..... 4-6

Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards* 7-8

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

Board Members
Central Ohio Interoperable Radio System
Franklin County, Ohio

We have audited the accompanying financial statements of the Central Ohio Interoperable Radio System, Franklin County, Ohio (COIRS), a council of governments, as of and for the year ended December 31, 2011. These financial statements are the responsibility of COIRS's management. Our responsibility is to express an opinion on the 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, COIRS has prepared these financial statements using accounting practices the Auditor of State of Ohio 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 to present COIRS's larger (i.e. major) funds separately. While COIRS does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require governments to reformat their statements. COIRS 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 permitted by the Auditor of State of Ohio. 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 year ended December 31, 2011 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of COIRS as of December 31, 2011, or its changes in financial position for the year then ended.

2525 north limestone street, ste. 103
springfield, oh 45503

www.cshco.com
p. 937.399.2000
f. 937.399.5433

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance and reserve for encumbrances of the Central Ohio Interoperable Radio System, Franklin County, Ohio as of December 31, 2011, and its cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2012, on our consideration of COIRS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Clark, Schaefer, Hackett & Co." The signature is written in black ink on a white background.

Springfield, Ohio
June 12, 2012

Central Ohio Interoperable Radio System
Franklin County
Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Cash Balance
For the Year Ending December 31, 2011

	General Fund
Cash Receipts:	
Intergovernmental	\$ 115,599
Total Cash Receipts	115,599
Cash Disbursements:	
Utilities	2,928
Professional services	4,450
Maintenance of equipment	46,867
Insurance and bonding	7,125
Other	2,141
Total Cash Disbursements	63,511
Cash Receipts over Cash Disbursements	52,088
Beginning Cash Balance	18,551
Ending Cash Balance	\$ 70,639
Reserve for Encumbrances	\$ 21,612

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

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.

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, 2011 was \$70,639.

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.

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 2011 budgetary activity appears in Note 2.

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, 2011, COIRS did not have any employees.

Property, plant, and equipment

COIRS records disbursement 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, 2011 is as follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 115,600	\$ 115,599	\$ (1)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Budgetary Expenditures	Variance
General	\$ 115,600	\$ 85,123	\$ 30,477

3. RISK MANAGEMENT:

COIRS has obtained commercial insurance for the following risks:

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

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, 2011 member fees received by COIRS consisted for the following:

<u>Subdivision</u>	<u>Fee Contributed</u>
City of Dublin	\$ 55,133
City of Worthington	55,133
Delaware County	5,333

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board Members
Central Ohio Interoperable Radio System
Franklin County, Ohio

We have audited the financial statements of the Central Ohio Interoperable Radio System, Ohio (COIRS), a council of governments, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 12, 2012, wherein we noted COIRS prepares its financial statements using accounting practices prescribed or permitted by the Auditor of State of Ohio. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of COIRS is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered COIRS's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of COIRS's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of COIRS's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

2525 north limestone street, ste. 103
springfield, oh 45503

www.cshco.com
p. 937.399.2000
f. 937.399.5433

Compliance and Other Matters

As part of obtaining reasonable assurance about whether COIRS'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 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 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*.

This report is intended solely for the information and use of COIRS Governing Board, members of management and the Auditor of State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Clark, Schaefer, Hackett & Co." The signature is written in a cursive style and is positioned above a light gray rectangular background.

Springfield, Ohio
June 12, 2012



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success

This page intentionally left blank.



Dave Yost • Auditor of State

CENTRAL OHIO INTEROPERABLE RADIO SYSTEM COG

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
AUGUST 09, 2012**