



**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

REGULAR AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

**OHIO AUDITOR OF STATE
KEITH FABER**



**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY
JUNE 30, 2020 AND 2019**

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JUNE 30, 2020 AND 2019**

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INDEPENDENT AUDITOR'S REPORT

Western Ohio Computer Organization
Shelby County
129 East Court Street, 1st Floor
Sidney, Ohio 45365

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities and the major fund of the Western Ohio Computer Organization, Shelby County, Ohio (the Organization), as of and for the fiscal years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements 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 statements are 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 the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Organization's internal control. Accordingly, we express no such 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and the major fund of the Organization, as of June 30, 2020 and 2019, and the respective changes in cash financial position thereof for the fiscal years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Organization. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

Our audit was conducted to opine on the financial statements taken as a whole.

The budgetary comparison schedules for the General Fund presents additional analysis and are not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021, on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 28, 2021

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**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

The management's discussion and analysis of the Western Ohio Computer Organization, Shelby County, Ohio (the "Organization") financial performance provides an overall review of the Organization's financial activities for the fiscal year 2020, within the limitations of the Organization's cash basis of accounting. The intent of this discussion and analysis is to look at the Organization's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the Organization's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- In total, net cash position of governmental activities increased \$61,207 which represents a 8.45% increase from fiscal year 2019.
- General receipts accounted for \$3,471 in receipts, or 0.11% of all receipts. Program specific receipts in the form of charges for services and grants and contributions accounted for \$3,106,867 or 99.89% of total receipts of \$3,110,338.
- The Organization had \$3,049,131 in disbursements related to governmental activities; \$3,106,867 of program specific receipts for charges for services, grants or contributions offset these disbursements. General receipts supporting governmental activities of \$3,471 were adequate to provide for these programs.
- The Organization's only governmental fund is the general fund. The general fund had \$3,110,338 in receipts and \$3,049,131 in disbursements. During fiscal year 2020, the general fund's fund cash balance increased \$61,207 from \$724,017 to \$785,224.

Using These Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Organization as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. It is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Organization's cash basis of accounting.

Report Components

Under the cash basis of accounting, the statement of net position-cash basis and statement of activities-cash basis provide information about the cash activities of the whole Organization. Fund financial statements provide the next level of detail. Funds are created and maintained on the financial records of the Organization as a way to segregate money whose use is restricted to a particular specified purpose. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Organization's most significant funds with all other non-major funds presented in total in one column. In the case of the Organization, the general fund is the Organization's only fund and is reported as the only major fund.

The notes to the financial statements are an integral part of the financial statements and provide expanded explanations and details regarding the information reported in the financial statements. These notes to the basic financial statements can be found on pages 15-22 of this report.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Organization has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under the Organization's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of cash basis of accounting.

Reporting the Organization as a Whole

Statement of Net Position-Cash Basis and the Statement of Activities-Cash Basis

The view of the Organization as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The statement of net position-cash basis and the statement of activities-cash basis answer this question. These statements include all assets, revenues and expenses using the cash basis of accounting. This basis of accounting will take into account all of the current year's receipts and disbursements based on when cash is received or paid.

These two statements report the Organization's cash position and changes in cash position. This change in cash position is important because it tells the reader that, for the Organization as a whole, the financial position of the Organization has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Organization's facility conditions, required processing services and other factors. In the statement of net position-cash basis and the statement of activities-cash basis, the governmental activities include the data processing and technical support services, and other operations.

The Organization's statement of net position-cash basis and statement of activities-cash basis can be found on pages 11-12 of this report.

Reporting the Organization's Most Significant Funds

Fund Financial Statements

The analysis of the Organization's major governmental fund begins on page 9. Fund financial reports provide detailed information about the Organization's major fund. The Organization uses one fund to account for a multitude of financial transactions.

Governmental Funds

All of the Organization's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called the cash basis of accounting. The governmental fund financial statements provide a detailed short-term view of the Organization's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance support programs. The basic governmental fund financial statements can be found on pages 13-14 of this report.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The Organization as a Whole

Recall that the statement of net position-cash basis provides the perspective of the Organization as a whole. The table below provides a summary of the Organization's net position at June 30, 2020 and June 30, 2019 on a cash basis:

Net Position Cash-basis

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ <u>785,224</u>	\$ <u>724,017</u>
Total assets	<u>785,224</u>	<u>724,017</u>
<u>Net cash position</u>		
Unrestricted	<u>785,224</u>	<u>724,017</u>
Total net cash position	\$ <u><u>785,224</u></u>	\$ <u><u>724,017</u></u>

Over time, net position can serve as a useful indicator of a government's financial position. As mentioned previously, net cash position of the governmental activities increased \$61,207, or 8.45%, during fiscal year 2020.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The table below shows the changes in net cash position for fiscal year 2020 compared to 2019 on a cash basis:

Change in Net Cash Position

Receipts:	<u>2020</u>	<u>2019</u>
Program receipts:		
Charges for services and sales	\$ 2,957,705	\$ 2,314,386
Operating grants and contributions	149,162	137,173
General receipts:		
Investment earnings	75	84
Miscellaneous	<u>3,396</u>	<u>8,836</u>
Total receipts	<u>3,110,338</u>	<u>2,460,479</u>
Disbursements:		
Program disbursements:		
Data processing services	2,992,312	2,427,169
Debt service	<u>56,819</u>	<u>98,475</u>
Total disbursements	<u>3,049,131</u>	<u>2,525,644</u>
Increase (decrease) in net cash position	<u>\$ 61,207</u>	<u>\$ (65,165)</u>

Net cash position of the Organization's governmental activities increased \$61,207. Program receipts of \$3,106,867 and general receipts of \$3,471 offset total governmental disbursements of \$3,049,131. Program receipts supported 101.89% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from charges for services and sales and operating grants and contributions. These receipt sources represent 99.89% of total governmental receipts.

The largest disbursement of the Organization is for data processing support programs. These support disbursements totaled \$2,992,312 or 98.14% of total governmental disbursements for fiscal year 2020.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by program receipts and the net cost of services represents the amount provided from general receipts.

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Governmental activities	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
Support services:				
Data processing services	\$ 2,992,312	\$ (114,555)	\$ 2,427,169	\$ (24,390)
Debt Service	<u>56,819</u>	<u>56,819</u>	<u>98,475</u>	<u>98,475</u>
Total disbursements	<u>\$ 3,049,131</u>	<u>\$ (57,736)</u>	<u>\$ 2,525,644</u>	<u>\$ 74,085</u>

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

For all governmental activities, program receipts supported all of the governmental activity disbursements. The primary support of the Organization is contracted fees for services provided to other districts.

The Organization's Fund

The Organization's governmental fund reported a combined fund cash balance of \$785,224, which is higher than last year's total of \$724,017.

The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2020 and 2019:

	<u>Fund Balance</u> <u>June 30, 2020</u>	<u>Fund Balance</u> <u>June 30, 2019</u>	<u>Increase</u>	<u>Percentage</u> <u>Change</u>
General	\$ 785,224	\$ 724,017	\$ 61,207	8.45 %
Total	<u>\$ 785,224</u>	<u>\$ 724,017</u>	<u>\$ 61,207</u>	8.45 %

General Fund

The Organization's general fund cash balance increased \$61,207 from \$724,017 to \$785,224. This increase was due to the receipts being more than the Organization's disbursements. During fiscal year 2020, disbursements increased by \$523,487, and receipts increased by \$649,859.

Debt Administration

At June 30, 2020, the Organization had \$54,668 in long-term obligations outstanding; of this amount, the entire amount is due within one year. A summary of the Organization's long-term obligations outstanding at June 30, 2020 and 2019 follows:

	<u>Governmental</u> <u>Activities</u> <u>2020</u>	<u>Governmental</u> <u>Activities</u> <u>2019</u>
Lease purchase agreement	<u>\$ 54,668</u>	<u>\$ 107,267</u>

Current Financial Related Activities

The overall financial status of the Organization is good. The Organization became a Council of Government (COG) on July 1, 2014.

The majority of the Organization's funding is provided by our customer/owners; rather than increase fees, the Organization has again expanded services in the Education Management Information System (EMIS) and tech areas to generate additional receipts. The Organization also negotiated lower costs in maintenance contracts and fiber connectivity for districts.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Contacting the Organization's Financial Management

This financial report is designed to provide our member districts and other interested parties with a general overview of the Organization's finances and to show the Organization's accountability for the money it receives. If you have questions about this report or need additional financial information contact Marcia Wierwille, Fiscal Officer, Western Ohio Computer Organization, 129 E. Court St., Sidney, Ohio 45365.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2020

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 785,224
Total assets.	<u>785,224</u>
Net cash position:	
Unrestricted	<u>785,224</u>
Total net cash position	<u><u>\$ 785,224</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Cash Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Current:				
Data processing services.	\$ 2,992,312	\$ 2,957,705	\$ 149,162	\$ 114,555
Debt service:				
Principal retirement.	52,599	-	-	(52,599)
Interest and fiscal charges	4,220	-	-	(4,220)
Total governmental activities	\$ 3,049,131	\$ 2,957,705	\$ 149,162	57,736
General receipts:				
Interest.				75
Miscellaneous				3,396
Total general receipts				3,471
Change in net position				61,207
Net cash position at beginning of year				724,017
Net cash position at end of year.				\$ 785,224

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General
Assets:	
Equity in pooled cash and cash equivalents	\$ 785,224
 Total assets.	 \$ 785,224
 Fund Cash Balances:	
Committed:	
Other purposes	\$ 2,943
Assigned:	
Data processing services	149,117
Subsequent year appropriations	500
Unassigned	632,664
 Total fund cash balances	 \$ 785,224

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General
Receipts:	
From local sources:	
Interest	\$ 75
Services provided to other schools	2,957,705
Miscellaneous.	3,396
Restricted grant direct - State	149,162
Total receipts	3,110,338
Disbursements:	
Data processing services.	2,992,312
Debt service:	
Principal retirement	52,599
Interest and Fiscal Charges	4,220
Total disbursements	3,049,131
Net change in fund cash balances	61,207
Fund cash balances at beginning of year.	724,017
Fund cash balances at end of year	\$ 785,224

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

1. REPORTING ENTITY

The Western Ohio Computer Organization (the "Organization") is a council of governments established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the state of Ohio, and is composed of 26 school districts, 3 educational service centers, 3 parochial schools, 2 career centers and 2 community schools. 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 supports the Organization based upon a per pupil charge dependent upon the software package utilized. The Organization is governed by a Board of Directors consisting of 11 members: one Superintendent from each county that is represented, one treasurer representative, a student services representative, three ESC Superintendents, and one technology coordinator. The degree of control exercised by any participating member is limited to its representation on the Board. The Organization's management believes these financial statements present all activities for which the Organization is financially accountable.

The primary government of the Organization consists of all funds, departments, boards, and agencies that are not legally separate from the Organization. For the Western Ohio Computer Organization, this includes general operations of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Organization's accounting policies.

A. Basis of Presentation

The Organization's basic financial statements consist of government-wide financial statements, including a statement of net position-cash basis and a statement of activities-cash basis and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position-cash basis and the statement of activities-cash basis display information about the Organization as a whole. These statements include the financial activities of the primary government.

The statement of net position-cash basis presents the cash balance of the governmental activities of the Organization at fiscal year end. The statement of activities-cash basis compares disbursements with program receipts for each function or program of the Organization's governmental activities.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the Organization's general receipts.

2. Fund Financial Statements

During the fiscal year, the Organization segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Organization at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Organization uses funds to maintain its financial records during the fiscal year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The Organization's only fund is the general fund.

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

C. Basis of Accounting

The Organization's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Organization's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

Although not legally required, the Organization adopts its budget for all funds. The budget includes the estimated resources and expenditures for each fund.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Even though the budgetary process for the Organization was discretionary, the Organization continued to have its Board approve appropriations and estimate resources. The Organization's Board adopts an annual appropriation resolution, which is the Organization's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the fund level for all funds. Budgetary information for the general fund has been presented as supplementary information to the basic financial statements.

E. Cash and Investments

All cash the Organization receives is maintained in demand deposit accounts. For purposes of the statement of net position, investments with original maturities of three months or less at the time they are purchased by the Organization are considered to be "cash equivalents". Investments with an initial maturity of more than three months are considered to be "investments".

An analysis of the Organization's cash and investments at fiscal year-end is provided in Note 4.

F. Inventory and Prepaid Items

The Organization reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Organization's cash basis of accounting.

I. Long-Term Obligations

The Organization's cash basis financial statements do not report liabilities or other long-term obligations.

J. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Organization or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Organization's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available. At June 30, 2020, the Organization did not have any net position that was restricted.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

K. Fund Cash Balance

The Organization reports classifications of fund cash balance based on the extent to which the Organization is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Organization's highest level of decision-making authority, the Board of Directors.

Assigned - amounts that are constrained by the Organization's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the Organization's formal purchasing procedure by the Treasurer. Through the Organization's purchasing policy, the Board of Directors has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund cash balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The Organization applies restricted resources first when a cash disbursement is incurred for purposes for which restricted and unrestricted fund cash balance is available. The Organization considers committed, assigned, and unassigned fund cash balances, respectively, to be spent when cash disbursements are incurred for purposes for which any of the unrestricted fund cash balance classifications could be used.

L. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds.

3. ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2020, the Organization has implemented GASB Statement No. 84, "*Fiduciary Activities*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the Organization.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

3. ACCOUNTABILITY AND COMPLIANCE - (CONTINUED)

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Organization.

4. DEPOSITS AND INVESTMENTS

At June 30, 2020, the carrying amount of all Organization deposits was \$785,224 and the bank balance of all Organization deposits was \$855,195. Of the bank balance, \$605,195 was exposed to custodial risk as discussed below because those deposits were uninsured and uncollateralized and \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Organization will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Organization has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Organization and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2020, the Organization's financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Organization to a successful claim by the FDIC.

5. RISK MANAGEMENT

The Organization 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. During fiscal year 2020, the Organization contracted with various companies for the following insurance coverage:

Automobile Liability	\$1,000,000
Commercial Umbrella:	
Per Occurrence	1,000,000
Aggregate	1,000,000
General Liability:	
Per Occurrence	1,000,000
Aggregate	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior fiscal year.

The Organization participates in the Shelby County School Health Consortium, a public entity shared risk pool consisting of six local school districts and the Organization. The Organization pays monthly premiums to the insurer for employee medical and dental insurance benefits.

The Organization pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

6. LONG-TERM OBLIGATIONS

The table that follows summarizes the changes in the Organization’s long-term obligations during fiscal year 2020.

	Balance 6/30/19	Additions	Reductions	Balance 6/30/20	Amounts Due in One Year
Governmental activities:					
Lease purchase agreement	\$ 107,267	\$ -	\$ (52,599)	\$ 54,668	\$ 54,668
Total governmental activities long-term liabilities	\$ 107,267	\$ -	\$ (52,599)	\$ 54,668	\$ 54,668

Lease-Purchase Agreement

During fiscal year 2018, the Organization entered into a lease-purchase agreement with De Lage Landen Public Finance, LLC for the purpose of acquiring equipment. The \$162,979 in proceeds are to be repaid over three years with a final maturity of August 1, 2020. The lease-purchase agreement bears an interest rate of 4.420%.

Principal requirements to retire the lease-purchase obligation at June 30, 2020 follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 56,819
Total Minimum lease payments	56,819
Less: amount representing interest	(2,151)
Total	\$ 54,668

7. CONTINGENCIES

Grants

Amounts grantor agencies pay to the Organization are subject to audit and adjustment by the grantor. Grantors 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.

8. PUBLIC ENTITY RISK POOL

Shelby County School Health Consortium

The Shelby County School Health Consortium (the “Consortium”) is an insurance purchasing pool among six local school districts and the Western Ohio Computer Organization. The purpose of the Consortium is to achieve more favorable rates for employee insurance by creating a larger pool on which to base the insurance experience. The Consortium acts to provide health/surgical and dental benefits to its participants at a lower rate than if individual districts acted independently. Each participant pays monthly premiums to the provider Anthem Blue Cross/Blue Shield for dental and health insurance and Sun Life Insurance Company for life insurance.

The consortium is governed by an administrative committee consisting of the superintendent from each participating school district and the Organization. The degree of control exercised is limited to its representation on the committee. Financial information can be obtained from Larry Lentz, Managing Partner, Pinnacle Advisory Group, 7333 Paragon Road, Centerville, Ohio 45459.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

9. DEFINED BENEFIT PENSION PLAN

Plan Description - The Organization employees participate in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Organization is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14 percent.

The Organization's contractually required contribution to SERS was \$128,900 for fiscal year 2020.

10. DEFINED BENEFIT OPEB PLAN

Health Care Plan Description - The Organization contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Chapter 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

10. DEFINED BENEFIT OPEB PLAN - (CONTINUED)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The Organization's contractually required contribution to SERS was \$0 for fiscal year 2020.

11. COVID 19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Organization. The Organization's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Organization's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY, OHIO**

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
From local sources:				
Interest	\$ 75	\$ 75	\$ 75	\$ -
Services provided to other schools.	3,092,000	3,092,000	2,957,705	(134,295)
Miscellaneous	-	-	3,396	3,396
Restricted grant direct - State	<u>138,300</u>	<u>138,300</u>	<u>149,162</u>	<u>10,862</u>
Total receipts	<u>3,230,375</u>	<u>3,230,375</u>	<u>3,110,338</u>	<u>(120,037)</u>
Disbursements:				
Data processing services.	2,867,331	2,999,256	3,141,429	(142,173)
Debt Service:				
Principal Retirement	52,599	52,599	52,599	-
Interest and fiscal charges	<u>4,220</u>	<u>4,220</u>	<u>4,220</u>	<u>-</u>
Total disbursements	<u>2,924,150</u>	<u>3,056,075</u>	<u>3,198,248</u>	<u>(142,173)</u>
Net change in fund cash balance.	306,225	174,300	(87,910)	(262,210)
Unencumbered fund balance beginning of year. .	<u>724,017</u>	<u>724,017</u>	<u>724,017</u>	<u>-</u>
Unencumbered fund balance end of year	<u>\$ 1,030,242</u>	<u>\$ 898,317</u>	<u>\$ 636,107</u>	<u>\$ (262,210)</u>

SEE ACCOMPANYING NOTES TO THE BUDGETARY COMPARISON SCHEDULE

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 - BUDGETARY PROCESS

The Organization is no longer required under State statute to file budgetary information with the State Department of Education. However, the Organization's Board does follow the budgetary process for control purposes.

All funds are budgeted and appropriated. The major documents prepared are the estimated revenue and appropriations resolution, all of which are prepared on the budgetary basis of accounting. The estimated revenue establishes a limit on the amount the Board may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

The estimated revenue may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedule reflect the amounts on the estimated revenues when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedule reflect the amounts on the final estimated revenues in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

While the Organization is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The budgetary comparison schedule presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash).

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis schedule for the general fund:

Net Change in Fund Cash Balance

	<u>General fund</u>
Cash basis	\$ 61,207
Adjustment for encumbrances	<u>(149,117)</u>
Budget basis	<u>\$ (87,910)</u>

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

The management's discussion and analysis of the Western Ohio Computer Organization, Shelby County, Ohio (the "Organization") financial performance provides an overall review of the Organization's financial activities for the fiscal year 2019, within the limitations of the Organization's cash basis of accounting. The intent of this discussion and analysis is to look at the Organization's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the Organization's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

- In total, net cash position of governmental activities decreased \$65,165 which represents an 8.26% decrease from fiscal year 2018.
- General receipts accounted for \$8,920 in receipts, or 0.36% of all receipts. Program specific receipts in the form of charges for services and grants and contributions accounted for \$2,451,559 or 99.64% of total receipts of \$2,460,479.
- The Organization had \$2,525,644 in disbursements related to governmental activities; \$2,451,559 of program specific receipts for charges for services, grants or contributions offset these disbursements. General receipts supporting governmental activities of \$8,920 were adequate to provide for these programs.
- The Organization's only governmental fund is the general fund. The general fund had \$2,460,479 in receipts and \$2,525,644 in disbursements. During fiscal year 2019, the general fund's fund cash balance decreased \$65,165 from \$789,182 to \$724,017.

Using These Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Organization as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. It is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Organization's cash basis of accounting.

Report Components

Under the cash basis of accounting, the statement of net position-cash basis and statement of activities-cash basis provide information about the cash activities of the whole Organization. Fund financial statements provide the next level of detail. Funds are created and maintained on the financial records of the Organization as a way to segregate money whose use is restricted to a particular specified purpose. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Organization's most significant funds with all other non-major funds presented in total in one column. In the case of the Organization, the general fund is the Organization's only fund and is reported as the only major fund.

The notes to the financial statements are an integral part of the financial statements and provide expanded explanations and details regarding the information reported in the financial statements. These notes to the basic financial statements can be found on pages 35-42 of this report.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Organization has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under the Organization's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of cash basis of accounting.

Reporting the Organization as a Whole

Statement of Net Position-Cash Basis and the Statement of Activities-Cash Basis

The view of the Organization as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The statement of net position-cash basis and the statement of activities-cash basis answer this question. These statements include all assets, revenues and expenses using the cash basis of accounting. This basis of accounting will take into account all of the current year's receipts and disbursements based on when cash is received or paid.

These two statements report the Organization's cash position and changes in cash position. This change in cash position is important because it tells the reader that, for the Organization as a whole, the financial position of the Organization has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Organization's facility conditions, required processing services and other factors. In the statement of net position-cash basis and the statement of activities-cash basis, the governmental activities include the data processing and technical support services, and other operations.

The Organization's statement of net position-cash basis and statement of activities-cash basis can be found on pages 31-32 of this report.

Reporting the Organization's Most Significant Funds

Fund Financial Statements

The analysis of the Organization's major governmental fund begins on page 29. Fund financial reports provide detailed information about the Organization's major fund. The Organization uses one fund to account for a multitude of financial transactions.

Governmental Funds

All of the Organization's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called the cash basis of accounting. The governmental fund financial statements provide a detailed short-term view of the Organization's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance support programs. The basic governmental fund financial statements can be found on pages 33-34 of this report.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

The Organization as a Whole

Recall that the statement of net position-cash basis provides the perspective of the Organization as a whole. The table below provides a summary of the Organization's net position at June 30, 2019 and June 30, 2018 on a cash basis:

Net Position Cash-basis

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 724,017	\$ 789,182
Total assets	<u>724,017</u>	<u>789,182</u>
<u>Net cash position</u>		
Unrestricted	<u>724,017</u>	<u>789,182</u>
Total net cash position	<u>\$ 724,017</u>	<u>\$ 789,182</u>

Over time, net position can serve as a useful indicator of a government's financial position. As mentioned previously, net cash position of the governmental activities decreased \$65,165, or 8.26%, during fiscal year 2019.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

The table below shows the changes in net cash position for fiscal year 2019 compared to 2018 on a cash basis:

Change in Net Cash Position

Receipts:	<u>2019</u>	<u>2018</u>
Program receipts:		
Charges for services and sales	\$ 2,314,386	\$ 2,211,957
Operating grants and contributions	137,173	168,478
General receipts:		
Investment earnings	84	111
Miscellaneous	8,836	208,693
Proceeds of lease purchase transaction	<u>-</u>	<u>162,979</u>
Total receipts	<u>2,460,479</u>	<u>2,752,218</u>
Disbursements:		
Program disbursements:		
Data processing services	2,427,169	2,700,399
Debt service	<u>98,475</u>	<u>41,655</u>
Total disbursements	<u>2,525,644</u>	<u>2,742,054</u>
Increase (decrease) in net cash position	<u>\$ (65,165)</u>	<u>\$ 10,164</u>

Net cash position of the Organization's governmental activities decreased \$65,165. Program receipts of \$2,451,559 and general receipts of \$8,920 offset total governmental disbursements of \$2,525,644. Program receipts supported 97.07% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from charges for services and sales and operating grants and contributions. These receipt sources represent 99.64% of total governmental receipts.

The largest disbursement of the Organization is for data processing support programs. These support disbursements totaled \$2,427,169 or 96.10% of total governmental disbursements for fiscal year 2019.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by program receipts and the net cost of services represents the amount provided from general receipts.

	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>
Governmental activities				
Support services:				
Data processing services	\$ 2,427,169	\$ (24,390)	\$ 2,700,399	\$ 319,964
Debt Service	<u>98,475</u>	<u>98,475</u>	<u>41,655</u>	<u>41,655</u>
Total disbursements	<u>\$ 2,525,644</u>	<u>\$ (74,085)</u>	<u>\$ 2,742,054</u>	<u>\$ 361,619</u>

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

For all governmental activities, program receipts supported a majority of the governmental activity disbursements. The primary support of the Organization is contracted fees for services provided to other districts.

The Organization's Fund

The Organization's governmental fund reported a combined fund cash balance of \$724,017, which is lower than last year's total of \$789,182.

The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2019 and 2018:

	<u>Fund Balance</u> <u>June 30, 2019</u>	<u>Fund Balance</u> <u>June 30, 2018</u>	<u>Decrease</u>	<u>Percentage</u> <u>Change</u>
General	\$ 724,017	\$ 789,182	\$ (65,165)	(8.26) %
Total	<u>\$ 724,017</u>	<u>\$ 789,182</u>	<u>\$ (65,165)</u>	(8.26) %

General Fund

The Organization's general fund cash balance decreased \$65,165 from \$789,182 to \$724,017. This decrease was due to the receipts being less than the Organization's disbursements. During fiscal year 2019, disbursements decreased by \$216,410, and receipts decreased by \$291,739.

Debt Administration

At June 30, 2019, the Organization had \$107,267 in long-term obligations outstanding; of this amount, \$52,599 is due within one year. A summary of the Organization's long-term obligations outstanding at June 30, 2019 and 2018 follows:

	<u>Governmental</u> <u>Activities</u> <u>2019</u>	<u>Governmental</u> <u>Activities</u> <u>2018</u>
Lease purchase agreement	<u>\$ 107,267</u>	<u>\$ 204,635</u>

Current Financial Related Activities

The overall financial status of the Organization is good. The Organization became a Council of Government (COG) on July 1, 2014. The Shelby County Educational Service Center ceased to be the fiscal agent for the Organization on this date as well.

The majority of the Organization's funding is provided by our customer/owners; rather than increase fees, the Organization has again expanded services in the Education Management Information System (EMIS) and tech areas to generate additional receipts. The Organization also negotiated lower costs in maintenance contracts and fiber connectivity for districts.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Contacting the Organization's Financial Management

This financial report is designed to provide our member districts and other interested parties with a general overview of the Organization's finances and to show the Organization's accountability for the money it receives. If you have questions about this report or need additional financial information contact Marcia Wierwille, Fiscal Officer, Western Ohio Computer Organization, 129 E. Court St., Sidney, Ohio 45365.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2019

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 724,017
Total assets.	<u>724,017</u>
Net cash position:	
Unrestricted	<u>724,017</u>
Total net cash position	<u><u>\$ 724,017</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Cash Position
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Current:				
Data processing services.	\$ 2,427,169	\$ 2,314,386	\$ 137,173	\$ 24,390
Debt service:				
Principal retirement.	97,368	-	-	(97,368)
Interest and fiscal charges	1,107	-	-	(1,107)
Total governmental activities	<u>\$ 2,525,644</u>	<u>\$ 2,314,386</u>	<u>\$ 137,173</u>	<u>(74,085)</u>
General receipts:				
Interest.				84
Miscellaneous				8,836
Total general receipts				8,920
Change in net position				(65,165)
Net cash position at beginning of year				789,182
Net cash position at end of year.				\$ 724,017

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General
Assets:	
Equity in pooled cash and cash equivalents	\$ 724,017
Total assets.	\$ 724,017
Fund Cash Balances:	
Committed:	
Other purposes	\$ 2,943
Unassigned	721,074
Total fund cash balances	\$ 724,017

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General
Receipts:	
From local sources:	
Interest	\$ 84
Services provided to other schools	2,314,386
Miscellaneous.	8,836
Restricted grant direct - State	137,173
 Total receipts	 2,460,479
 Disbursements:	
Data processing services.	2,427,169
Debt service:	
Principal retirement	97,368
Interest and Fiscal Charges	1,107
 Total disbursements	 2,525,644
 Net change in fund cash balances	 (65,165)
 Fund cash balances at beginning of year.	 789,182
Fund cash balances at end of year	\$ 724,017

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

1. REPORTING ENTITY

The Western Ohio Computer Organization (the "Organization") is a council of governments established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the state of Ohio, and is composed of 26 school districts, 3 educational service centers, 3 parochial schools, 2 career centers and 2 community schools. 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 supports the Organization based upon a per pupil charge dependent upon the software package utilized. The Organization is governed by a Board of Directors consisting of 11 members: one Superintendent from each county that is represented, one treasurer representative, a student services representative, three ESC Superintendents, and one technology coordinator. The degree of control exercised by any participating member is limited to its representation on the Board. The Organization's management believes these financial statements present all activities for which the Organization is financially accountable.

The primary government of the Organization consists of all funds, departments, boards, and agencies that are not legally separate from the Organization. For the Western Ohio Computer Organization, this includes general operations of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Organization's accounting policies.

A. Basis of Presentation

The Organization's basic financial statements consist of government-wide financial statements, including a statement of net position-cash basis and a statement of activities-cash basis and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position-cash basis and the statement of activities-cash basis display information about the Organization as a whole. These statements include the financial activities of the primary government.

The statement of net position-cash basis presents the cash balance of the governmental activities of the Organization at fiscal year end. The statement of activities-cash basis compares disbursements with program receipts for each function or program of the Organization's governmental activities.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the Organization's general receipts.

2. Fund Financial Statements

During the fiscal year, the Organization segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Organization at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Organization uses funds to maintain its financial records during the fiscal year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The Organization's only fund is the general fund.

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

C. Basis of Accounting

The Organization's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Organization's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

Although not legally required, the Organization adopts its budget for all funds. The budget includes the estimated resources and expenditures for each fund.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Even though the budgetary process for the Organization was discretionary, the Organization continued to have its Board approve appropriations and estimate resources. The Organization's Board adopts an annual appropriation resolution, which is the Organization's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The level of control has been established by the Board at the fund level for all funds. Budgetary information for the general fund has been presented as supplementary information to the basic financial statements.

E. Cash and Investments

All cash the Organization receives is maintained in demand deposit accounts. For purposes of the statement of net position, investments with original maturities of three months or less at the time they are purchased by the Organization are considered to be "cash equivalents". Investments with an initial maturity of more than three months are considered to be "investments".

An analysis of the Organization's cash and investments at fiscal year-end is provided in Note 4.

F. Inventory and Prepaid Items

The Organization reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Organization's cash basis of accounting.

I. Long-Term Obligations

The Organization's cash basis financial statements do not report liabilities or other long-term obligations.

J. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Organization or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Organization's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available. At June 30, 2019, the Organization did not have any net position that was restricted.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

K. Fund Cash Balance

The Organization reports classifications of fund cash balance based on the extent to which the Organization is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Organization's highest level of decision-making authority, the Board of Directors.

Assigned - amounts that are constrained by the Organization's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the Organization's formal purchasing procedure by the Treasurer. Through the Organization's purchasing policy, the Board of Directors has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund cash balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The Organization applies restricted resources first when a cash disbursement is incurred for purposes for which restricted and unrestricted fund cash balance is available. The Organization considers committed, assigned, and unassigned fund cash balances, respectively, to be spent when cash disbursements are incurred for purposes for which any of the unrestricted fund cash balance classifications could be used.

L. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2019, the Organization has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*" and GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the Organization.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

3. ACCOUNTABILITY AND COMPLIANCE - (CONTINUED)

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statement of the Organization.

4. DEPOSITS AND INVESTMENTS

At June 30, 2019, the carrying amount of all Organization deposits was \$724,017 and the bank balance of all Organization deposits was \$784,485. Of the bank balance, \$534,485 was exposed to custodial risk as discussed below because those deposits were uninsured and uncollateralized and \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Organization will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Organization has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Organization and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2019, the Organization's financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Organization to a successful claim by the FDIC.

5. RISK MANAGEMENT

The Organization 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. During fiscal year 2019, the Organization contracted with various companies for the following insurance coverage:

Automobile Liability	\$1,000,000
Commercial Umbrella:	
Per Occurrence	1,000,000
Aggregate	1,000,000
General Liability:	
Per Occurrence	1,000,000
Aggregate	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior fiscal year.

The Organization participates in the Shelby County School Health Consortium, a public entity shared risk pool consisting of seven local school districts and the Organization. The Organization pays monthly premiums to the insurer for employee medical and dental insurance benefits.

The Organization pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

6. LONG-TERM OBLIGATIONS

The table that follows summarizes the changes in the Organization's long-term obligations during fiscal year 2019.

	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2019	Due Within One Year
Governmental Activities:					
Lease purchase agreement	\$ 204,635	\$ -	\$ (97,368)	\$ 107,267	\$ 52,599
Total governmental activities	<u>\$ 204,635</u>	<u>\$ -</u>	<u>\$ (97,368)</u>	<u>\$ 107,267</u>	<u>\$ 52,599</u>

Lease-Purchase Agreement

During fiscal year 2017, the Organization entered into a lease-purchase agreement with De Lage Landen Public Finance, LLC. for the purpose of acquiring equipment. The \$88,311 in proceeds were repaid over three years with a final maturity of August 15, 2018. The lease-purchase agreement was interest free.

During fiscal year 2018, the Organization entered into a lease-purchase agreement with De Lage Landen Public Finance, LLC for the purpose of acquiring equipment. The \$162,979 in proceeds are to be repaid over three years with a final maturity of August 1, 2020. The lease-purchase agreement bears an interest rate of 4.420%.

Principal requirements to retire the lease-purchase obligation at June 30, 2019 follows:

Fiscal Year Ending <u>June 30,</u>	<u>Lease-Purchase Agreement</u>
2020	\$ 56,819
2021	<u>56,819</u>
Total future minimum lease payments	113,638
Less: amount representing interest	<u>(6,371)</u>
Present value of net minimum lease payments	<u>\$ 107,267</u>

7. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Organization are subject to audit and adjustment by the grantor. Grantors 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.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

8. PUBLIC ENTITY RISK POOL

Shelby County School Health Consortium

The Shelby County School Health Consortium (the “Consortium”) is an insurance purchasing pool among seven local school districts and the Western Ohio Computer Organization. The purpose of the Consortium is to achieve more favorable rates for employee insurance by creating a larger pool on which to base the insurance experience. The Consortium acts to provide health/surgical and dental benefits to its participants at a lower rate than if individual districts acted independently. Each participant pays monthly premiums to the provider Anthem Blue Cross/Blue Shield for dental and health insurance and Sun Life Insurance Company for life insurance.

The consortium is governed by an administrative committee consisting of the superintendent from each participating school district and the Organization. The degree of control exercised is limited to its representation on the committee. Financial information can be obtained from Larry Lentz, Managing Partner, Pinnacle Advisory Group, 7333 Paragon Road, Centerville, Ohio 45459.

9. DEFINED BENEFIT PENSION PLAN

Plan Description - The Organization employees participate in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Organization is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The Organization’s contractually required contribution to SERS was \$118,779 for fiscal year 2019.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

10. DEFINED BENEFIT OPEB PLAN

Health Care Plan Description - The Organization contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Chapter 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. The Organization's contractually required contribution to SERS was \$4,399 for fiscal year 2019.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY, OHIO**

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
From local sources:				
Interest	\$ 100	\$ 100	\$ 84	\$ (16)
Services provided to other schools.	2,346,150	2,346,150	2,314,386	(31,764)
Miscellaneous	5,000	5,000	8,836	3,836
Restricted grant direct - State	<u>138,300</u>	<u>138,300</u>	<u>137,173</u>	<u>(1,127)</u>
Total receipts	<u>2,489,550</u>	<u>2,489,550</u>	<u>2,460,479</u>	<u>(29,071)</u>
Disbursements:				
Data processing services.	2,650,364	2,650,364	2,427,169	223,195
Debt Service:				
Principal Retirement	97,368	97,368	97,368	-
Interest and fiscal charges	<u>1,107</u>	<u>1,107</u>	<u>1,107</u>	<u>-</u>
Total disbursements	<u>2,748,839</u>	<u>2,748,839</u>	<u>2,525,644</u>	<u>223,195</u>
Net change in fund cash balance.	(259,289)	(259,289)	(65,165)	194,124
Unencumbered fund balance beginning of year. .	714,193	714,193	714,193	-
Prior year encumbrances appropriated.	<u>74,989</u>	<u>74,989</u>	<u>74,989</u>	<u>-</u>
Unencumbered fund balance end of year	<u>\$ 529,893</u>	<u>\$ 529,893</u>	<u>\$ 724,017</u>	<u>\$ 194,124</u>

SEE ACCOMPANYING NOTES TO THE BUDGETARY COMPARISON SCHEDULE

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - BUDGETARY PROCESS

The Organization is no longer required under State statute to file budgetary information with the State Department of Education. However, the Organization's Board does follow the budgetary process for control purposes.

All funds are budgeted and appropriated. The major documents prepared are the estimated revenue and appropriations resolution, all of which are prepared on the budgetary basis of accounting. The estimated revenue establishes a limit on the amount the Board may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

The estimated revenue may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedule reflect the amounts on the estimated revenues when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedule reflect the amounts on the final estimated revenues in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

While the Organization is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The budgetary comparison schedule presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash).

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis schedule for the general fund:

Net Change in Fund Cash Balance

	<u>General fund</u>
Cash basis	\$ (65,165)
Adjustment for encumbrances	<u>-</u>
Budget basis	<u>\$ (65,165)</u>

OHIO AUDITOR OF STATE KEITH FABER



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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

Western Ohio Computer Organization
Shelby County
129 East Court Street, 1st Floor
Sidney, Ohio 45365

To the Board of Directors:

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 cash-basis financial statements of the governmental activities and the major fund of the Western Ohio Computer Organization, Shelby County, (the Organization) as of and for the fiscal years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated January 28, 2021, wherein we noted the Organization uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Organization.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Organization's 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 the Organization's financial statements. 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.

Compliance and Other Matters

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



Keith Faber
Auditor of State
Columbus, Ohio

January 28, 2021

OHIO AUDITOR OF STATE KEITH FABER



WESTERN OHIO COMPUTER ORGANIZATION

SHELBY 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 2/18/2021

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