



**HEARTLAND COUNCIL OF GOVERNMENTS
(FORMERLY NORTH CENTRAL OHIO COMPUTER COOPERATIVE)
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – General Fund For the Year Ended June 30, 1999	3
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	7

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REPORT OF INDEPENDENT ACCOUNTANTS

Heartland Council of Governments
Richland County
1495 Longview Avenue, Suite 100
Mansfield, Ohio 44906

To Members of the Board:

We have audited the accompanying financial statement of the Heartland Council of Governments, Richland County, Ohio, (the COG) (formerly North Central Ohio Computer Cooperative) as of and for the year ended June 30, 1999. This financial statement is the responsibility of the COG's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As discussed in Note 1, the COG prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund cash balances and reserves for encumbrances of the COG as of June 30, 1999, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2000 on our consideration of the COG's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

This report is intended solely for the information and use of management, the Board of Directors and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 3, 2000

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**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1999**

	1999
Cash Receipts:	
Intergovernmental	\$462,458
Charges for Services	513,170
Sales	68,386
Interest Income	27,492
Miscellaneous	6,432
Total Cash Receipts	1,077,938
Cash Disbursements:	
Current:	
Employees' Salaries	410,924
Fringe Benefits	112,938
Purchased Services	311,610
Supplies and Materials	37,313
Other	18,473
Capital Outlay	239,307
Total Cash Disbursements	1,130,565
Excess of Cash Receipts (Under) Cash Disbursements	(52,627)
Other Financing Receipts (Disbursements):	
Refund of Prior Year Expenditures	1,973
Refund of Prior Year Receipts	(2,250)
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements And Other Financing Disbursements	(52,904)
Fund Cash Balance, July 1, 1998	518,062
Fund Cash Balance, June 30, 1999	\$465,158
Reserves for Encumbrances, June 30, 1999	\$28,670

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

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Heartland Council of Governments, Richland County, (the COG) (formerly North Central Ohio Computer Cooperative) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The COG changed its name from the North Central Ohio Computer Cooperative on August 14, 1998. Eligibility for membership in the COG includes 15 local school districts, one educational service center, and one career technology center. Each Board appoints its Superintendent to act as its representative at COG meetings and for all COG business. The COG provides an employing authority which can administer all personnel functions needed to facilitate the use of temporary excess computer capacity and personnel time to provide computer services to nonmembers and to permit the expansion into new areas of technology.

The COG's management believes this financial statement presents all activities for which the COG is financially accountable.

B. Basis of Accounting

This financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

The COG's cash is held and invested by the Pioneer Career and Technology Center (the Center) Treasurer, who acts as custodian for COG monies. The COG's assets are held in the Center's cash and investment pool and are valued at the Center's reported carrying amount.

D. Fund Accounting

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

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

F. Related Party Transactions

The COG rents office space from one of its members, the Mid-Ohio Educational Service Center. The rent is paid four times a year totaling \$16,385.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS

The COG's cash is maintained in the Pioneer Career and Technology Center's cash and investment pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at June 30 follows:

	<u>1999</u>
Demand deposits	\$465,158

Deposits: Deposits are insured by the Federal Depository Insurance Corporation and the Pioneer Career and Technology Center's financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the fiscal year ending June 30, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,000,000	\$1,079,911	\$79,911

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,199,780	\$1,161,485	\$38,295

4. RISK MANAGEMENT

The COG has general liability coverage through the Pioneer Career and Technology Center.

5. YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the COG's operations as early as fiscal year 2000. The COG has completed an inventory of computer systems and other electronic equipment that are considered to be mission critical. These systems are:

- Financial reporting and payroll - These systems have been tested and validated.
- The State of Ohio distributes Management Information Systems and School Accounting Network revenues to the COG. The State is responsible for remediating these systems and is solely responsible for any associated costs.

To the best of management's knowledge and belief, as of January 3, 2000, the COG experienced no interruption of operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom the COG does business may also experience Year 2000 readiness issues that are as yet, unknown.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Heartland Council of Governments
Richland County
1495 Longview Avenue, Suite 100
Mansfield, Ohio 44906

To Members of the Board:

We have audited the accompanying financial statement of the Heartland Council of Governments, Richland County, Ohio, (the COG) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 3, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the COG's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the COG's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the COG in a separate letter dated January 3, 2000.

This report is intended for the information and use of management and the Board, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 3, 2000



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HEARTLAND COUNCIL OF GOVERNMENTS

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 15, 2000**