



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Members of the Board
Western Ohio Computer Organization
129 East Court Street, 1st Floor
Sidney, Ohio 45365

We have reviewed the *Independent Auditor's Report* of Western Ohio Computer Organization, Shelby County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2020 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Western Ohio Computer Organization is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 05, 2023

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Western Ohio Computer Organization
Shelby County, Ohio
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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 Members of the Board:

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities and the major fund of the Organization, as of June 30, 2022 and 2021, and the respective changes in cash-basis financial position thereof for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 10 to the 2022 financial statements and Note 11 to the 2021 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the Organization's basic financial statements.

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures 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 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 them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
November 30, 2022

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 2022, 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 2022 are as follows:

- In total, net cash position of governmental activities increased \$311,577 which represents a 57.73% increase from fiscal year 2021.
- General receipts accounted for \$21,650 in receipts, or 0.64% of all receipts. Program specific receipts in the form of charges for services and grants and contributions accounted for \$3,340,617 or 99.36% of total receipts of \$3,362,267.
- The Organization had \$3,050,690 in disbursements related to governmental activities; \$3,340,617 of program specific receipts for charges for services, grants or contributions offset these disbursements. General receipts supporting governmental activities of \$21,650 were adequate to provide for these programs.
- The Organization's only governmental fund is the general fund. The general fund had \$3,362,267 in receipts and \$3,050,690 in disbursements. During fiscal year 2022, the general fund's fund cash balance increased \$311,577 from \$539,722 to \$851,299.

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 13-20 of this report.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 2022?" 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 9-10 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 8. 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 11-12 of this report.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022 and June 30, 2021 on a cash basis:

Net Position Cash-basis

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 851,299	\$ 539,722
Total assets	<u>851,299</u>	<u>539,722</u>
<u>Net cash position</u>		
Unrestricted	<u>851,299</u>	<u>539,722</u>
Total net cash position	<u>\$ 851,299</u>	<u>\$ 539,722</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 \$311,577, or 57.73%, during fiscal year 2022.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The table below shows the changes in net cash position for fiscal year 2022 compared to 2021 on a cash basis:

Change in Net Cash Position

Receipts:	<u>2022</u>	<u>2021</u>
Program receipts:		
Charges for services and sales	\$ 3,193,619	\$ 2,506,060
Operating grants and contributions	146,998	148,206
General receipts:		
Investment earnings	38	52
Miscellaneous	<u>21,612</u>	<u>2,936</u>
Total receipts	<u>3,362,267</u>	<u>2,657,254</u>
Disbursements:		
Program disbursements:		
Data processing services	3,050,690	2,845,937
Debt service	<u>-</u>	<u>56,819</u>
Total disbursements	<u>3,050,690</u>	<u>2,902,756</u>
Increase (decrease) in net cash position	<u>\$ 311,577</u>	<u>\$ (245,502)</u>

Net cash position of the Organization's governmental activities increased \$311,577. Program receipts of \$3,362,267 and general receipts of \$21,650 offset total governmental disbursements of \$3,050,690. Program receipts supported 109.50% 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 94.98% of total governmental receipts.

The only disbursement of the Organization is for data processing support programs. These support disbursements totaled \$3,050,690.

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 2022</u>	<u>Net Cost of Services 2022</u>	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>
Governmental activities				
Support services:				
Data processing services	\$ 3,050,690	\$ 289,927	\$ 2,845,937	\$ 191,671
Debt Service	<u>-</u>	<u>-</u>	<u>56,819</u>	<u>56,819</u>
Total disbursements	<u>\$ 3,050,690</u>	<u>\$ 289,927</u>	<u>\$ 2,902,756</u>	<u>\$ 248,490</u>

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.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The Organization's Fund

The Organization's governmental fund reported a combined fund cash balance of \$851,299, which is higher than last year's total of \$539,722.

The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2022 and 2021:

	<u>Fund Balance</u> <u>June 30, 2022</u>	<u>Fund Balance</u> <u>June 30, 2021</u>	<u>Increase</u>	<u>Percentage</u> <u>Change</u>
General	\$ 851,299	\$ 539,722	\$ 311,577	57.73 %
Total	<u>\$ 851,299</u>	<u>\$ 539,722</u>	<u>\$ 311,577</u>	57.73 %

General Fund

The Organization's general fund cash balance increased \$311,577 from \$539,722 to \$851,299. This increase was due to the Organization's receipts being more than disbursements. During fiscal year 2022, disbursements increased by \$147,934, and receipts increased by \$705,013.

Debt Administration

At June 30, 2022, the Organization had no long-term obligations outstanding.

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; over the past several years, fees have been increased as well as the Organization has again expanded services in the Education Management Information System (EMIS) and tech areas to generate additional receipts.

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 Debra Meyer, Fiscal Officer, Western Ohio Computer Organization, 129 E. Court St., Sidney, Ohio 45365.

**CASH BASIS
FINANCIAL STATEMENTS**

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

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2022

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 851,299
Total assets	<u>851,299</u>
Net cash position:	
Unrestricted	<u>851,299</u>
Total net cash position	<u><u>\$ 851,299</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, 2022

		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	\$ 3,050,690	\$ 3,193,619	\$ 146,998	\$ 289,927
Total governmental activities	\$ 3,050,690	\$ 3,193,619	\$ 146,998	289,927
General receipts:				
Interest				38
Miscellaneous				21,612
Total general receipts				21,650
Change in net position				311,577
Net cash position at beginning of year				539,722
Net cash position at end of year				\$ 851,299

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, 2022

	<u>General</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 851,299
Total assets	<u>\$ 851,299</u>
Fund Cash Balances:	
Committed:	
Other purposes	\$ 1,766
Assigned:	
Data processing services	180,527
Unassigned	<u>669,006</u>
Total fund cash balances	<u>\$ 851,299</u>

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, 2022

	General
Receipts:	
From local sources:	
Interest	\$ 38
Services provided to other schools	3,193,619
Miscellaneous	21,612
Restricted grant direct - State	146,998
 Total receipts	 3,362,267
Disbursements:	
Data processing services	3,050,690
 Total disbursements	 3,050,690
 Net change in fund cash balances	 311,577
 Fund cash balances at beginning of year	 539,722
Fund cash balances at end of year	\$ 851,299

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, 2022**

NOTE 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 27 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.

NOTE 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.

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.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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.

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.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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. Leases

The Organization is the lessee in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the Organization's cash basis of accounting. Lease disbursements are recognized when they are paid.

J. Long-Term Obligations

The Organization's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase payments are reported when paid.

K. 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, 2022, the Organization did not have any net position that was restricted.

L. 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.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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.

M. 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

A. Change in Accounting Principles

For fiscal year 2022, the Organization has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Since the Organization does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 87 did not have an effect on the financial statements of the Organization. The notes to the basic financial statements include the disclosure requirements under the Statement.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the Organization.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the Organization.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the Organization.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the Organization.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the Organization.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Organization.

B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the Organization to prepare its annual financial report in accordance with generally accepted accounting principles. However, the Organization prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The Organization can be fined and various other administrative remedies may be taken against the Organization.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 - DEPOSITS AND INVESTMENTS

At June 30, 2022, the carrying amount of all Organization deposits was \$851,299 and the bank balance of all Organization deposits was \$931,871. Of the bank balance, \$681,871 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 2022, 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.

NOTE 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 2022, 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.

Through December 31, 2020, the Organization participated in the Shelby County School Health Consortium. Beginning January 1, 2021, the Organization participates in the Logan County School Employee Consortium, a public entity shared risk pool. The Organization pays premiums to the insurer for employee 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.

NOTE 6 - 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.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 7 - PUBLIC ENTITY RISK POOL

The Organization participates in the Logan County School Employee Consortium (the Consortium); a public entity shared risk pool consisting of one educational service center, one joint vocational school district, and three local school districts. The Organization pays monthly premiums to the Consortium for employee medical benefits. The Consortium is responsible for the payment of all Consortium liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal. To obtain financial information write to Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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 10.00% of their annual covered salary and the Organization is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%.

The Organization's contractually required contribution to SERS was \$131,893 for fiscal year 2022.

NOTE 9 - DEFINED BENEFIT OPEB PLANS

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 Annual Comprehensive 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 Section 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, 2022**

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, 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 2022, this amount was \$25,000. 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 \$4,885 for fiscal year 2021.

NOTE 10 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the Organization received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Organization. The impact on the Organization's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

SUPPLEMENTARY INFORMATION

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

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<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	\$ 50	\$ 50	\$ 38	\$ (12)
Services provided to other schools	3,251,619	3,251,619	3,193,619	(58,000)
Miscellaneous	2,400	2,400	21,612	19,212
Restricted grant direct - State	153,500	153,500	146,998	(6,502)
	<u>3,407,569</u>	<u>3,407,569</u>	<u>3,362,267</u>	<u>(45,302)</u>
Disbursements:				
Data processing services	3,318,241	3,404,842	3,396,532	8,310
	<u>3,318,241</u>	<u>3,404,842</u>	<u>3,396,532</u>	<u>8,310</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements	<u>89,328</u>	<u>2,727</u>	<u>(34,265)</u>	<u>(36,992)</u>
Other financing sources (uses):				
Transfers in	85,000	85,000	85,000	-
Transfers out	(85,000)	(85,000)	(85,000)	-
Refund of prior year expense	-	-	72,637	72,637
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>72,637</u>	<u>72,637</u>
Net change in fund cash balance	89,328	2,727	38,372	35,645
Unencumbered fund balance beginning of year	436,008	436,008	436,008	-
Prior year encumbrances appropriated	<u>103,714</u>	<u>103,714</u>	<u>103,714</u>	<u>-</u>
Unencumbered fund balance end of year	<u>\$ 629,050</u>	<u>\$ 542,449</u>	<u>\$ 578,094</u>	<u>\$ 35,645</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, 2022

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	\$ 311,577
Adjustment for encumbrances	(273,205)
Budget basis	\$ 38,372

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**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2021, 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 2021 are as follows:

- In total, net cash position of governmental activities decreased \$245,502 which represents a 31.27% decrease from fiscal year 2020. This decrease in net cash position was a direct result of timing. At fiscal year end the Organization was waiting on approximately \$263,000 in eRate reimbursements that were subsequently received in early fiscal year 2022.
- General receipts accounted for \$2,988 in receipts, or 0.11% of all receipts. Program specific receipts in the form of charges for services and grants and contributions accounted for \$2,654,266 or 99.89% of total receipts of \$2,657,254.
- The Organization had \$2,902,756 in disbursements related to governmental activities; \$2,654,266 of program specific receipts for charges for services, grants or contributions offset these disbursements. General receipts supporting governmental activities of \$2,988 were adequate to provide for these programs.
- The Organization's only governmental fund is the general fund. The general fund had \$2,657,254 in receipts and \$2,902,756 in disbursements. During fiscal year 2021, the general fund's fund cash balance decreased \$245,502 from \$785,224 to \$539,722.

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 33-40 of this report.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2021?" 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 29-30 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 27. 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 31-32 of this report.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021 and June 30, 2020 on a cash basis:

Net Position Cash-basis

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ <u>539,722</u>	\$ <u>785,224</u>
Total assets	<u>539,722</u>	<u>785,224</u>
<u>Net cash position</u>		
Unrestricted	<u>539,722</u>	<u>785,224</u>
Total net cash position	\$ <u><u>539,722</u></u>	\$ <u><u>785,224</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 decreased \$245,502, or 31.27%, during fiscal year 2021.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The table below shows the changes in net cash position for fiscal year 2021 compared to 2020 on a cash basis:

Change in Net Cash Position

Receipts:	<u>2021</u>	<u>2020</u>
Program receipts:		
Charges for services and sales	\$ 2,506,060	\$ 2,957,705
Operating grants and contributions	148,206	149,162
General receipts:		
Investment earnings	52	75
Miscellaneous	<u>2,936</u>	<u>3,396</u>
Total receipts	<u>2,657,254</u>	<u>3,110,338</u>
Disbursements:		
Program disbursements:		
Data processing services	2,845,937	2,992,312
Debt service	<u>56,819</u>	<u>56,819</u>
Total disbursements	<u>2,902,756</u>	<u>3,049,131</u>
Increase (decrease) in net cash position	<u>\$ (245,502)</u>	<u>\$ 61,207</u>

Net cash position of the Organization's governmental activities decreased \$245,502. Program receipts of \$2,654,266 and general receipts of \$2,988 offset total governmental disbursements of \$2,902,756. Program receipts supported 91.44% 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 \$2,845,937 or 98.04% of total governmental disbursements for fiscal year 2021.

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>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
Support services:				
Data processing services	\$ 2,845,937	\$ 191,671	\$ 2,992,312	\$ (114,555)
Debt Service	<u>56,819</u>	<u>56,819</u>	<u>56,819</u>	<u>56,819</u>
Total disbursements	<u>\$ 2,902,756</u>	<u>\$ 248,490</u>	<u>\$ 3,049,131</u>	<u>\$ (57,736)</u>

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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 \$539,722, which is lower than last year's total of \$539,722.

The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2021 and 2020:

	<u>Fund Balance</u> <u>June 30, 2021</u>	<u>Fund Balance</u> <u>June 30, 2020</u>	<u>Decrease</u>	<u>Percentage</u> <u>Change</u>
General	\$ 539,722	\$ 785,224	\$ (245,502)	(31.27) %
Total	<u>\$ 539,722</u>	<u>\$ 785,224</u>	<u>\$ (245,502)</u>	(31.27) %

General Fund

The Organization's general fund cash balance decreased \$245,502 from \$785,224 to \$539,722. This decrease was due to the disbursements being more than the Organization's receipts. During fiscal year 2021, disbursements decreased by \$146,375, and receipts decreased by \$453,084.

Debt Administration

During the current fiscal year, the Organization paid off their long-term obligations outstanding. A summary of the Organization's long-term obligations outstanding at June 30, 2021 and 2020 follows:

	<u>Governmental</u> <u>Activities</u> <u>2021</u>	<u>Governmental</u> <u>Activities</u> <u>2020</u>
Lease purchase agreement	<u>\$ -</u>	<u>\$ 54,668</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, 2021**

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.

**CASH BASIS
FINANCIAL STATEMENTS**

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

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2021

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 539,722
Total assets.	<u>539,722</u>
Net cash position:	
Unrestricted	<u>539,722</u>
Total net cash position	<u><u>\$ 539,722</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, 2021

		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.	\$ 2,845,937	\$ 2,506,060	\$ 148,206	\$ (191,671)
Debt service:				
Principal retirement.	54,668	-	-	(54,668)
Interest and fiscal charges	2,151	-	-	(2,151)
Total governmental activities	\$ 2,902,756	\$ 2,506,060	\$ 148,206	(248,490)
General receipts:				
Interest.				52
Miscellaneous				2,936
Total general receipts				2,988
Change in net position				(245,502)
Net cash position at beginning of year				785,224
Net cash position at end of year.				\$ 539,722

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, 2021

	General
Assets:	
Equity in pooled cash and cash equivalents	\$ 539,722
Total assets.	\$ 539,722
Fund Cash Balances:	
Committed:	
Other purposes	\$ 2,943
Assigned:	
Data processing services	103,714
Unassigned	433,065
Total fund cash balances	\$ 539,722

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, 2021

	General
Receipts:	
From local sources:	
Interest	\$ 52
Services provided to other schools	2,506,060
Miscellaneous.	2,936
Restricted grant direct - State	148,206
Total receipts	2,657,254
Disbursements:	
Data processing services.	2,845,937
Debt service:	
Principal retirement	54,668
Interest and Fiscal Charges	2,151
Total disbursements	2,902,756
Net change in fund cash balances	(245,502)
Fund cash balances at beginning of year.	785,224
Fund cash balances at end of year	\$ 539,722

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, 2021**

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, 2021

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, 2021

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, 2021, 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, 2021

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 2021, the Organization has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

3. ACCOUNTABILITY AND COMPLIANCE - (CONTINUED)

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

4. DEPOSITS AND INVESTMENTS

At June 30, 2021, the carrying amount of all Organization deposits was \$539,722 and the bank balance of all Organization deposits was \$604,867. Of the bank balance, \$354,867 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 2021, 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 2021, 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.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

5. RISK MANAGEMENT - (CONTINUED)

Through December 31, 2020, the Organization participated in the Shelby County School Health Consortium. Beginning January 1, 2021, the Organization participates in the Logan County School Employee Consortium, a public entity shared risk pool. The Organization pays premiums to the insurer for employee 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.

6. LONG-TERM OBLIGATIONS

The table that follows summarizes the changes in the Organization's long-term obligations during fiscal year 2021.

	<u>Balance</u> <u>6/30/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/21</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental activities:					
Lease purchase agreement	\$ 54,668	\$ -	\$ (54,668)	\$ -	\$ -
Total governmental activities long-term liabilities	<u>\$ 54,668</u>	<u>\$ -</u>	<u>\$ (54,668)</u>	<u>\$ -</u>	<u>\$ -</u>

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%. During the current fiscal year the lease-purchase agreement obligation was paid in full.

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 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.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

8. PUBLIC ENTITY RISK POOL - (CONTINUED)

On December 31, 2020, the Organization terminated their relationship with The Shelby County School Health Consortium. On January 1, 2021, the Organization joined the Logan County School Employee Consortium.

Logan County School Employee Consortium

The Organization participates in the Logan County School Employee Consortium (the Consortium); a public entity shared risk pool consisting of one educational service center, one joint vocational school district, and three local school districts. The Organization pays monthly premiums to the Consortium for employee medical benefits. The Consortium is responsible for the payment of all Consortium liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal. To obtain financial information write to Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

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% of their annual covered salary and the Organization is required to contribute 14% 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% for plan members and 14% 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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The Organization's contractually required contribution to SERS was \$129,527 for fiscal year 2021.

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.

**WESTERN OHIO COMPUTER ORGANIZATION
SHELBY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

10. DEFINED BENEFIT OPEB PLAN - (CONTINUED)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 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 the fiscal year ended June 30, 2021, 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 2021, this amount was \$23,000. 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 \$4,797 for fiscal year 2021.

11. COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. 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 pension and other employee benefits plan in which the Organization participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Organization's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

SUPPLEMENTARY INFORMATION

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

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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	\$ 70	\$ 70	\$ 52	\$ (18)
Services provided to other schools.	3,034,200	3,034,200	2,506,060	(528,140)
Miscellaneous	3,000	3,000	2,936	(64)
Restricted grant direct - State	148,506	148,506	148,206	(300)
Total receipts	<u>3,185,776</u>	<u>3,185,776</u>	<u>2,657,254</u>	<u>(528,522)</u>
Disbursements:				
Data processing services.	2,994,489	3,079,489	2,949,651	129,838
Debt Service:				
Principal Retirement	54,668	54,668	54,668	-
Interest and fiscal charges	2,151	2,151	2,151	-
Total disbursements	<u>3,051,308</u>	<u>3,136,308</u>	<u>3,006,470</u>	<u>129,838</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements.	<u>134,468</u>	<u>49,468</u>	<u>(349,216)</u>	<u>(398,684)</u>
Other financing sources (uses):				
Transfers in.	-	-	85,000	85,000
Transfers out	(85,000)	(85,000)	(85,000)	-
Refund of prior year expense.	6,500	6,500	-	(6,500)
Total other financing sources (uses)	<u>(78,500)</u>	<u>(78,500)</u>	<u>-</u>	<u>78,500</u>
Net change in fund cash balance.	55,968	(29,032)	(349,216)	(320,184)
Unencumbered fund balance beginning of year.	636,107	636,107	636,107	-
Prior year encumbrances appropriated.	149,117	149,117	149,117	-
Unencumbered fund balance end of year	<u>\$ 841,192</u>	<u>\$ 756,192</u>	<u>\$ 436,008</u>	<u>\$ (320,184)</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, 2021

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	\$ (245,502)
Adjustment for encumbrances	<u>(103,714)</u>
Budget basis	<u>\$ (349,216)</u>



**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 Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated November 30, 2022, 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 ensuing emergency measures will impact subsequent periods of the Organization.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BHM CPA Group, Inc.
Piketon, Ohio
November 30, 2022

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 1/17/2023

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