



OHIO AUDITOR OF STATE
KEITH FABER



**NORTHERN OHIO EDUCATIONAL COMPUTER ASSOCIATION
ERIE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) Enterprise Fund For the Fiscal Year Ended June 30, 2021	5
Notes to the Financial Statement For the Fiscal Year Ended June 30, 2021	6
Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) Enterprise Fund For the Fiscal Year Ended June 30, 2020	9
Notes to the Financial Statement For the Fiscal Year Ended June 30, 2020	10
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Northern Ohio Educational Computer Association
Erie County
4918 Milan Road
Sandusky, Ohio 44870

To the Members of the Association Assembly:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for the enterprise fund as of and for the year ended June 30, 2021 and for the enterprise fund as of and for the year ended June 30, 2020, and related notes of Northern Ohio Educational Computer Association, Erie County, Ohio (the Association).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Association prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Association does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Association, as of June 30, 2021 and 2020, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the enterprise fund as of and for the year ended June 30, 2021 and for enterprise fund as of and for the year ended June 30, 2020, and related notes of the Association, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Association. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2022, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 20, 2022

This page intentionally left blank.

Northern Ohio Educational Computer Association
Erie County
Statement of Receipts, Disbursements,
and Change in Fund Balance (Regulatory Cash Basis)
Enterprise Fund
For the Fiscal Year Ended June 30, 2021

<hr/> <hr/>	
Operating Cash Receipts	
Charges for Services	<u>\$2,862,443</u>
Operating Cash Disbursements	
Employee Salaries and Wages	1,145,060
Employee Retirement and Insurance	462,353
Purchased Services	1,542,211
Supplies and Materials	2,801
Capital Outlay	15,109
Other Objects	<u>41,562</u>
<i>Total Operating Cash Disbursements</i>	<u>3,209,096</u>
<i>Operating Loss</i>	<u>(346,653)</u>
Non-Operating Receipts	
Earnings on Investments	2,898
Intergovernmental	182,597
Refund of Prior Years Expenditures	<u>105</u>
<i>Total Non-Operating Receipts</i>	<u>185,600</u>
<i>Net Change in Fund Cash Balance</i>	(161,053)
<i>Fund Cash Balance, July 1</i>	<u>1,891,785</u>
<i>Fund Cash Balance, June 30</i>	<u><u>\$1,730,732</u></u>

See accompanying notes to the financial statement

Northern Ohio Educational Computer Association

Erie County

Notes to the Financial Statement

For the Fiscal Year Ended June 30, 2021

Note 1 - Reporting Entity

Empowered by Section 3313.92, Ohio Rev. Code, Northern Ohio Educational Computer Association, Erie County, Ohio (the Association), is a jointly governed organization composed of various member school districts. The basic geographic service area includes Erie, Ottawa, Huron, Sandusky, Seneca, Wood, and Crawford Counties. The purpose of the Association is to develop and implement a computer system efficiently and effectively for the needs of the member school districts. The Association is governed by an Association Assembly which consists of the superintendent (or his designate) of each member school district. Each of the member school districts supports the Association based upon fees charged for services utilized. The Association Assembly is responsible for approving the fee schedule. In general, the fees are based on a per pupil charge and/or dependent upon the software package of service utilized. In the event of dissolution of the Association, all current members will share in net obligations or asset liquidations in a ration proportionate to their last twelve months financial contributions. The degree of control exercised by any participating school district is limited to its representation on the Association Assembly.

North Point Educational Service Center (the ESC) serves as fiscal agent and custodian, however, it is not accountable for the operation of the Association; therefore the operations of the ESC have been excluded from the Association's financial statement.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Association's financial statement consists of a statement of receipts, disbursements, and change in fund balance (regulatory cash basis) for the enterprise fund.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Association recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosures of material matters, as the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (C) permit.

Budgetary Process

The Association is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Association Assembly annually approves the budget for the Association. The budget includes an estimate of the amounts expected to be received and expended by the Association during the fiscal year. Budget amendments are approved by the Board of Directors during the year as required.

Northern Ohio Educational Computer Association

Erie County

Notes to the Financial Statement

For the Fiscal Year Ended June 30, 2021

The Association reserves (encumbers) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

As required by the Ohio Revised Code, North Point Educational Service Center's (the ESC's) Treasurer is custodian for the Association's cash. The ESC's cash and investment pool holds the Association's assets, valued at the Treasurer's reported carrying amount.

Capital Assets

The Association records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Accumulated Leave

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

Note 3 - Budgetary Activity

Budgetary activity for the fiscal year ended June 30, 2021 follows:

2021 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$2,965,144	\$3,048,043	\$82,899

2021 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$4,856,929	\$3,278,489	\$1,578,440

Note 4 - Defined Benefit Pension Plan

The Association's employees belong to the School Employees Retirement System (SERS). SERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2021, SERS members contributed 10 percent of their gross salaries and the Association contributed an amount equaling 14 percent of participants' gross salaries. The Association has paid all contributions required through June 30, 2021.

Northern Ohio Educational Computer Association

Erie County

Notes to the Financial Statement

For the Fiscal Year Ended June 30, 2021

Note 5 - Postemployment Benefits

The Association contributes to the SERS Health Care Fund, administered by SERS for retirees and their beneficiaries. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. State statute permits SERS to fund the health care benefits through employer contributions. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care.

Note 6 - Risk Management

Commercial Insurance

The Association has obtained commercial insurance for the following risks:

- Commercial property;
- Inland marine; and
- Business liability.

North Point Educational Service Center has obtained commercial insurance coverage for business auto.

Note 7 - Contingent Liabilities

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

Note 8 - 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 Association. The impact on the Association's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 9 - Subsequent Event

Beginning with fiscal year 2022 and subsequent, the Association's financial activity will be reported as an enterprise fund within North Point Educational Service Center's basic financial statements. The Association will no longer issue a standalone audit report.

Northern Ohio Educational Computer Association
Erie County
Statement of Receipts, Disbursements,
and Change in Fund Balance (Regulatory Cash Basis)
Enterprise Fund
For the Fiscal Year Ended June 30, 2020

<hr/> <hr/>	
Operating Cash Receipts	
Charges for Services	<u>\$2,762,968</u>
Operating Cash Disbursements	
Employee Salaries and Wages	1,178,231
Employee Retirement and Insurance	448,693
Purchased Services	1,449,523
Supplies and Materials	4,967
Capital Outlay	301,483
Other Objects	<u>49,850</u>
<i>Total Operating Cash Disbursements</i>	<u>3,432,747</u>
<i>Operating Loss</i>	<u>(669,779)</u>
Non-Operating Receipts	
Earnings on Investments	31,805
Intergovernmental	180,349
Refund of Prior Years Expenditures	<u>390</u>
<i>Total Non-Operating Receipts</i>	<u>212,544</u>
<i>Net Change in Fund Cash Balance</i>	(457,235)
<i>Fund Cash Balance, July 1</i>	<u>2,349,020</u>
<i>Fund Cash Balance, June 30</i>	<u><u>\$1,891,785</u></u>

See accompanying notes to the financial statement

Northern Ohio Educational Computer Association

Erie County

Notes to the Financial Statement

For the Fiscal Year Ended June 30, 2020

Note 1 - Reporting Entity

Empowered by Section 3313.92, Ohio Revised Code, Northern Ohio Educational Computer Association, Erie County, Ohio (the Association), is a jointly governed organization composed of various member school districts. The basic geographic service area includes Erie, Ottawa, Huron, Sandusky, Seneca, Wood, and Crawford Counties. The purpose of the Association is to develop and implement a computer system efficiently and effectively for the needs of the member school districts. The Association is governed by an Association Assembly which consists of the superintendent (or his designate) of each member school district. Each of the member school districts supports the Association based upon fees charged for services utilized. The Association Assembly is responsible for approving the fee schedule. In general, the fees are based on a per pupil charge and/or dependent upon the software package of service utilized. In the event of dissolution of the Association, all current members will share in net obligations or asset liquidations in a ration proportionate to their last twelve months financial contributions. The degree of control exercised by any participating school district is limited to its representation on the Association Assembly.

North Point Educational Service Center (the ESC) serves as fiscal agent and custodian, however, it is not accountable for the operation of the Association; therefore the operations of the ESC have been excluded from the Association's financial statement.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Association's financial statement consists of a statement of receipts, disbursements, and change in fund balance (regulatory cash basis) for the enterprise fund.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Association recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosures of material matters, as the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (C) permit.

Budgetary Process

The Association is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Assembly annually approves the budget for the Association. The budget includes an estimate of the amounts expected to be received and expended by the Association during the fiscal year. Budget amendments are approved by the Board of Directors during the year as required.

Northern Ohio Educational Computer Association

Erie County

Notes to the Financial Statement

For the Fiscal Year Ended June 30, 2020

The Association reserves (encumbers) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

As required by the Ohio Revised Code, North Point Educational Service Center's (the ESC's) Treasurer is custodian for the Association's cash. The ESC's cash and investment pool holds the Association's assets, valued at the Treasurer's reported carrying amount.

Capital Assets

The Association records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

Accumulated Leave

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

Note 3 - Budgetary Activity

Budgetary activity for the fiscal year ended June 30, 2020 follows:

2020 Budgeted vs. Actual Receipts		
Budgeted	Actual	
Receipts	Receipts	Variance
\$3,127,952	\$2,975,512	(\$152,440)

2020 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation	Budgetary	
Authority	Expenditures	Variance
\$5,476,971	\$3,441,986	\$2,034,985

Note 4 - Defined Benefit Pension Plan

The Association's employees belong to the School Employees Retirement System (SERS). SERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, SERS members contributed 10 percent of their gross salaries and the Association contributed an amount equaling 14 percent of participants' gross salaries. The Association has paid all contributions required through June 30, 2020.

Northern Ohio Educational Computer Association

Erie County

Notes to the Financial Statement

For the Fiscal Year Ended June 30, 2020

Note 5 - Postemployment Benefits

The Association contributes to the SERS Health Care Fund, administered by SERS for retirees and their beneficiaries. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. State statute permits SERS to fund the health care benefits through employer contributions. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care.

Note 6 - Risk Management

Commercial Insurance

The Association has obtained commercial insurance for the following risks:

- Commercial property;
- Inland marine; and
- Business liability.

North Point Educational Service Center has obtained commercial insurance coverage for business auto.

Note 7 - Contingent Liabilities

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

Note 8 - 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 Association. The impact on the Association's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 9 - Subsequent Event

Beginning with fiscal year 2022 and subsequent, the Association's financial activity will be reported as an enterprise fund within North Point Educational Service Center's basic financial statements. The Association will no longer issue a standalone audit report.



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Northern Ohio Educational Computer Association
Erie County
4918 Milan Road
Sandusky, Ohio 44870

To the Members of the Association Assembly:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for the enterprise fund as of and for the year ended June 30, 2021 and for the enterprise fund as of and for the year ended June 30, 2020, and related notes of Northern Ohio Educational Computer Association, Erie County, Ohio (the Association) and have issued our report thereon dated April 20, 2022, wherein we noted the Association followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Association.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Association's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 20, 2022

OHIO AUDITOR OF STATE KEITH FABER



NORTHERN OHIO EDUCATIONAL COMPUTER ASSOCIATION

ERIE 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 5/5/2022

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