



Dave Yost • Auditor of State

**UNIFIED PURCHASING COOPERATIVE OF THE OHIO RIVER VALLEY
HAMILTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Unified Purchasing Cooperative of the Ohio River Valley
Hamilton County
11083 Hamilton Avenue
Cincinnati, Ohio 45231

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Unified Purchasing Cooperative of the Ohio River Valley, Hamilton County, Ohio, (the Coop) as of and for the year ended June 30, 2015.

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(D) 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 Coop'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 Coop's internal control. Accordingly, we express no 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 1 of the financial statements, the Coop 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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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 Coop 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(D) 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 Coop as of June 30, 2015, or changes in financial position thereof for the year 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 of the Unified Purchasing Cooperative of the Ohio River Valley, Hamilton County, as of June 30, 2015, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2016, on our consideration of the Coop'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 Coop's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

March 29, 2016

UNIFIED PURCHASING COOPERATIVE

Statements of Receipts, Disbursements, and
Changes in Fund Balance - Cash Basis
Proprietary Fund

For the Year Ended June 30, 2015

	<u>2015</u>
Operating cash receipts:	
Charges for services	\$ <u>90,725</u>
Total operating cash receipts	<u>90,725</u>
Operating cash disbursements:	
Personal services	145,879
Fringe benefits	35,258
Contractual services	38,978
Supplies and materials	1,215
Other objects	<u>59,415</u>
Total operating cash disbursements	<u>280,745</u>
Operating income (loss)	<u>(190,020)</u>
Non-operating cash receipts:	
Commissions	203,382
Other	<u>44,296</u>
Total non-operating cash receipts	<u>247,678</u>
Net receipts over disbursements	57,658
Cash balance, July 1	<u>393,829</u>
Cash balance, June 30	\$ <u><u>451,487</u></u>

See accompanying notes to the financial statements.

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UNIFIED PURCHASING COOPERATIVE
Hamilton County

Notes to the Financial Statements
For fiscal year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting principles and practices of the Cooperative are set forth to facilitate the understanding of data presented in the financial statements.

Nature of operations

Unified Purchasing Cooperative of the Ohio River Valley, Hamilton County, Ohio (the Cooperative) is a Council of Government established under Ohio Revised Code Section 167.04. The Cooperative was formed in 1963 when five local school districts in Hamilton County joined together to purchase classroom and office supplies, audio-visual equipment and other common items. Today, the Cooperative has grown to include 53 public school districts, 81 non-public schools, 3 joint vocational school districts, 1 MRDD, 2 Head Start Programs, 4 educational service centers and 6 other non-profit organizations from southwestern Ohio, northern Kentucky and southeastern Indiana. As a result of this growth, Unified Purchasing Cooperative became a Council of Government (COG) in July 2006 in compliance with Ohio Revised Code Section 167.04. The Hamilton County Educational Service Center (Hamilton Co. ESC), one of the member educational providers, is the fiscal agent for the Cooperative.

The Cooperative is a jointly governed organization. The jointly governed organization was formed for the purpose of pooling purchasing power in order to obtain the best prices for quality products and services. Each of the governments of these members supports the Cooperative and share in a percentage of equity based on the resources provided. The Board of Directors shall be elected from among the Active Members as follows: One representative from Hamilton County; One representative from Clermont County; One representative from Butler County; One representative from Brown County; One representative from Kentucky; One representative from Indiana; One at-large representative from a public school district with an enrollment greater than 5,000 students; Superintendent of Hamilton County Educational Service Center; Superintendent of Clermont County Educational Service Center. The degree of control exercised by any participating member is limited to its representation of the Board.

The Cooperative's management believes these financial statements present all activities for which the Cooperative is financially accountable.

Financial statement presentation

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Cooperative recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Cash with fiscal agent

Cash received by the Cooperative is deposited to the operating account of the Hamilton Co. ESC. Hamilton Co. ESC distributes funds upon authorization of the Cooperative. The chief fiscal officer for the Cooperative is the Treasurer of Hamilton Co. ESC.

UNIFIED PURCHASING COOPERATIVE
Hamilton County

Notes to the Financial Statements
For fiscal year ended June 30, 2015

Fund accounting

The Cooperative uses fund accounting to segregate cash that is restricted as to use. The Cooperative uses an enterprise fund to account for the unrestricted expendable resources that are available to support the Cooperative's general operations. The majority of the receipts collected in this fund consist of charges for services from members and commissions.

Budgetary process

Since Hamilton Co. ESC is the fiscal agent for the Cooperative, the Cooperative's budgetary procedures follow the budgetary procedures of Hamilton Co. ESC. The Cooperative is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Board of Directors of the Cooperative approves an annual budget prior to submission to the fiscal agent. The specific timetable is as follows:

In June, the Hamilton Co. ESC Treasurer submits to the ESC's Governing Board a temporary proposed operating budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing for all funds. In September, the Governing Board adopts a permanent budget. Prior to June 30, the Governing Board must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated as estimated resources. The budget may be further amended during the year if projected increases or decreases in revenue are identified by the Hamilton Co. ESC Treasurer.

By the June Board meeting, the temporary annual appropriation resolution is legally enacted by the Governing Board at the fund level. Resolution appropriations by fund must be within the estimated resources approved by the Governing Board and the total of expenditures and encumbrances may not exceed the appropriation totals. Any revisions that alter the total of any fund appropriation must be approved by the Governing Board.

Property and equipment

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

2. CASH WITH FISCAL AGENT

In accordance with the Ohio Revised Code, the Cooperative's cash is held and invested by the Treasurer of Hamilton Co. ESC, who acts as custodian for Cooperative monies. The Cooperative's assets are held in Hamilton Co. ESC's cash and investment pool, and are valued at the Treasurer's reported carrying amount. The Cooperative's carrying amounts of cash on deposit with Hamilton County ESC at June 30, 2015 was \$451,487.

3. RETIREMENT SYSTEM

The Cooperative contributes to the School Employees Retirement System of Ohio (SERS). SERS is a cost-sharing multiple-employer defined benefit pension plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2015, members of SERS contributed 10% of their gross salaries. The Cooperative contributed an amount equal to 14% of participants' gross salaries. The Cooperative paid all contributions required through June 30, 2015.

**UNIFIED PURCHASING COOPERATIVE
Hamilton County**

Notes to the Financial Statements
For fiscal year ended June 30, 2015

4. RISK MANAGEMENT

The Cooperative 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. The Cooperative is included under the policy coverages of Hamilton Co. ESC, who carries commercial insurance.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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Hamilton County
11083 Hamilton Avenue
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To the Board of Directors:

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Dave Yost
Auditor of State

Columbus, Ohio

March 29, 2016

UNIFIED PURCHASING COOPERATIVE

Statements of Receipts, Disbursements, and Changes in Fund Balance - Cash Basis Proprietary Fund

For the Year Ended June 30, 2014

	<u>2014</u>
Operating cash receipts:	
Charges for services	\$ <u>106,819</u>
Total operating cash receipts	<u>106,819</u>
Operating cash disbursements:	
Personal services	145,879
Fringe benefits	37,321
Contractual services	42,852
Supplies and materials	525
Capital outlay	868
Other objects	<u>33,849</u>
Total operating cash disbursements	<u>261,294</u>
Operating income (loss)	<u>(154,475)</u>
Non-operating cash receipts:	
Commissions	183,556
Other	<u>23,696</u>
Total non-operating cash receipts	<u>207,252</u>
Net receipts over disbursements	52,777
Cash balance, July 1	<u>341,052</u>
Cash balance, June 30	\$ <u><u>393,829</u></u>

See accompanying notes to the financial statements.

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UNIFIED PURCHASING COOPERATIVE
Hamilton County

Notes to the Financial Statements
For fiscal year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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UNIFIED PURCHASING COOPERATIVE
Hamilton County

Notes to the Financial Statements
For fiscal year ended June 30, 2014

Fund accounting

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Property and equipment

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2. CASH WITH FISCAL AGENT

In accordance with the Ohio Revised Code, the Cooperative's cash is held and invested by the Treasurer of Hamilton Co. ESC, who acts as custodian for Cooperative monies. The Cooperative's assets are held in Hamilton Co. ESC's cash and investment pool, and are valued at the Treasurer's reported carrying amount. The Cooperative's carrying amounts of cash on deposit with Hamilton County ESC at June 30, 2014 was \$393,829.

3. RETIREMENT SYSTEM

The Cooperative contributes to the School Employees Retirement System of Ohio (SERS). SERS is a cost-sharing multiple-employer defined benefit pension plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2014, members of SERS contributed 10% of their gross salaries. The Cooperative contributed an amount equal to 14% of participants' gross salaries. The Cooperative paid all contributions required through June 30, 2014.

**UNIFIED PURCHASING COOPERATIVE
Hamilton County**

Notes to the Financial Statements
For fiscal year ended June 30, 2014

4. RISK MANAGEMENT

The Cooperative 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. The Cooperative is included under the policy coverages of Hamilton Co. ESC, who carries commercial insurance.

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Dave Yost • Auditor of State

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

Unified Purchasing Cooperative of the Ohio River Valley
Hamilton County
11083 Hamilton Avenue
Cincinnati, Ohio 45231

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Unified Purchasing Cooperative of the Ohio River Valley, Hamilton County, Ohio, (the Coop) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Coop's basic financial statements and have issued our report thereon dated March 29, 2016, wherein we noted the Coop followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Coop's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Coop'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 Coop'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 Coop'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 determination of financial statement amounts. 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 Entity's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Coop's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

March 29, 2016



Dave Yost • Auditor of State

UNIFIED PURCHASING COOPERATIVE OF THE OHIO RIVER VALLEY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 12, 2016**