



Mary Taylor, CPA  
Auditor of State





# Dave Yost • Auditor of State

January 27, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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DAVE YOST  
Auditor of State

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**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Western Ohio Computer Organization  
Shelby County  
129 East Court Street, 4<sup>th</sup> Floor  
Sidney, Ohio 45365

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Western Ohio Computer Organization, Shelby County, (the Organization), as of and for the fiscal years ended June 30, 2010 and June 30, 2009, which collectively comprise the Organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Organization's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Western Ohio Computer Organization, Shelby County, as of June 30, 2010 and June 30, 2009, and the respective changes in cash financial position and budgetary comparison for the General Fund thereof for the fiscal years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

December 15, 2010



**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

The management's discussion and analysis of the Western Ohio Computer Organization, Shelby County, Ohio (the "Organization") financial performance provides an overall review of Organization's financial activities for the fiscal year 2010, 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 2010 are as follows:

- In total, net assets of governmental activities increased \$193,314 which represents a 38.41% increase from fiscal year 2009.
- General revenues accounted for \$61,903 in revenue, or 2.46% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,463,948 or 97.54% of total revenues of \$2,525,851.
- The Organization had \$2,332,537 in expenses related to governmental activities; \$2,463,948 of program specific revenue for charges for services, grants or contributions offset these expenses. General revenues supporting governmental activities of \$61,903 were adequate to provide for these programs.
- The Organization's major governmental fund is the general fund. The general fund had \$2,263,413 in revenues and \$2,084,198 in expenditures. During fiscal year 2010, the general fund's balance increased \$179,215 from \$445,931 to \$625,146.

**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 Statement No. 34, as applicable to the Organization's cash basis of accounting.

**Report Components**

The statement of net assets and statement of activities 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 by far the most significant fund, and the only governmental fund reported as a major fund.

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

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

**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 generally accepted accounting principles. 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 Assets and the Statement of Activities**

While this document contains the large number of funds used by the Organization to provide programs and activities, the view of the Organization as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities answer this question. These statements include all assets, revenues and expenses using the cash basis (OCBOA) accounting method. This basis of accounting will take into account all of the current year's revenues and expenses 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 educational programs and other factors. In the statement of net assets and the statement of activities, the governmental activities include the data processing and technical support services, and other operations.

The Organization's statement of net assets and statement of activities 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 6. Fund financial reports provide detailed information about the Organization's major fund. The Organization uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Organization's most significant funds, not the Organization as a whole.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

**Governmental Funds**

Most 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 cash basis (OCBOA) 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 11-13 of this report.

**The Organization as a Whole**

Recall that the statement of net assets provides the perspective of the Organization as a whole. The table below provides a summary of the Organization's net assets at June 30, 2010 and June 30, 2009 on a cash basis:

<b>Net Assets Cash-basis</b>		
	<b>2010</b>	<b>2009</b>
<b>Assets:</b>		
Cash and cash equivalents	\$696,661	\$503,347
Total assets	696,661	503,347
<b>Net assets:</b>		
Restricted for other purposes	71,515	57,416
Unrestricted	625,146	445,931
Total net assets	\$696,661	\$503,347

Over time, net assets can serve as a useful indicator of a government's financial position. As mentioned previously, net assets of the governmental activities increased \$193,314, or 38.41%, during fiscal year 2010.

The primary reasons contributing to the increase in the Organization's cash balance is the significant increase in charges for services primarily due to and increase in revenues related to services provided and fees charged.

The table below shows the changes in net cash assets for fiscal year 2010 compared to 2009 on a cash basis:

<b>Change in Net Cash Assets</b>		
	<b>2010</b>	<b>2009</b>
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services and sales	\$2,229,457	\$2,085,752
Operating grants and contributions	234,491	270,756
<b>General revenues:</b>		
Investment earnings	4,429	9,130
Miscellaneous	57,474	89,612
Total revenues	2,525,851	2,455,250
<b>Expenses:</b>		
<b>Program expenses:</b>		
Data processing services	2,332,537	2,376,942
Total expenses	2,332,537	2,376,942
Increase in net assets	\$ 193,314	\$ 78,308

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

Net assets of the Organization's governmental activities increased \$193,314. Program revenues of \$2,463,948 and general revenues of \$61,903 offset total governmental expenses of \$2,332,537. Program revenues supported 105.63% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from charges for services and operating grants and contributions. These revenue sources represent 97.54% of total governmental revenue.

The largest expense of the Organization is for data processing support programs. These support expenses totaled \$2,332,537 or 100% of total governmental expenses for fiscal year 2010.

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.

<b>Governmental activities</b>	<b>Total Cost of Services 2010</b>	<b>Net Cost of Services 2010</b>	<b>Total Cost of Services 2009</b>	<b>Net Cost of Services 2009</b>
<b>Support services:</b>				
Data processing services	\$2,332,537	(\$131,411)	\$2,376,942	\$20,434
Total expenses	<u>\$2,332,537</u>	<u>(\$131,411)</u>	<u>\$2,376,942</u>	<u>\$20,434</u>

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

**The Organization's Funds**

The Organization's governmental funds reported a combined fund balance of \$696,661, which is higher than last year's total of \$503,347. The greatest change within governmental funds occurred within the general fund.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	<b>Fund Balance June 30, 2010</b>	<b>Fund Balance June 30, 2009</b>	<b>Increase</b>	<b>Percentage Change</b>
General	\$625,146	\$445,931	\$179,215	40.19%
Other Governmental	71,515	57,416	14,099	24.56%
<u>Total</u>	<u>\$696,661</u>	<u>\$503,347</u>	<u>\$193,314</u>	<u>38.41%</u>

**General Fund**

The Organization's general fund balance increased \$179,215. This increase was primarily due to the increase in revenues associated with services provided to others.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)  
(Continued)**

**General Fund Budgeting Highlights**

The Organization's budget is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal 2010, the Organization amended its general fund budget to reflect changing circumstances. For the general fund, original budgeted revenues were \$2,265,099 and final budgeted revenues were \$2,204,979. Actual revenues for fiscal 2010 were \$2,263,413. This represents a \$58,434 increase from final budgeted revenues.

General fund original appropriations were \$2,468,330 and final budgeted appropriations were \$2,458,153. The actual budget basis expenditures for fiscal year 2010 totaled \$2,226,448, which is \$231,705 less than the final budgeted appropriations.

**Debt Administration**

At June 30, 2010, the Organization did not have any outstanding debt.

**Current Financial Related Activities**

The overall financial status of the Western Ohio Computer Organization is good. Although, as with any State agency, funding is at some risk due to State budgetary cuts. The Organization's State funding has again been reduced for fiscal year 2010, and will endure additional decreases in fiscal year 2011. The majority of the Organization's funding is provided by our customer/owners; rather than increase fees again, the Organization has made staff reductions to absorb the decreased State funding.

The Organization continues to look for opportunities to generate additional revenue by offering new services to members which are outside the basic service areas of a data acquisition site. In fiscal year 2011, the Organization will begin offering EMIS Extended service to those districts wishing to participate.

**Contacting the Organization's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors 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 Mrs. Cathy Doseck, Treasurer, Shelby County Educational Service Center (fiscal agent to the Western Ohio Computer Organization), 129 E. Court St., Sidney, Ohio 45365.

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WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2010

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$696,661
Total assets	<u>696,661</u>
<b>Net cash assets:</b>	
<b>Restricted for:</b>	
Other purposes	71,515
Unrestricted	625,146
Total net cash assets	<u><u>\$696,661</u></u>

*See accompanying notes to the basic financial statements.*

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(SEE ACCOUNTANT'S COMPILATION REPORT)**

		<b>Program Cash Receipts</b>		<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
	<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental activities:</b>				
<b>Current:</b>				
Data processing services	\$2,332,537	\$2,229,457	\$234,491	\$131,411
<b>Total governmental activities</b>	<u>\$2,332,537</u>	<u>\$2,229,457</u>	<u>\$234,491</u>	<u>131,411</u>
<b>General receipts:</b>				
Interest				4,429
Miscellaneous				57,474
<b>Total general receipts</b>				<u>61,903</u>
Change in net assets				193,314
Net cash assets at beginning of year				<u>503,347</u>
Net cash assets at end of year				<u><u>\$696,661</u></u>

*See accompanying notes to the basic financial statements.*



**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$625,146	\$71,515	\$696,661
Total assets	<u>625,146</u>	<u>71,515</u>	<u>696,661</u>
<b>Fund Cash Balances:</b>			
Reserved for encumbrances	142,250	11,772	154,022
<b>Unreserved, undesignated, reported in:</b>			
General fund	482,896		482,896
Special revenue funds		59,743	59,743
Total fund cash balances	<u>625,146</u>	<u>71,515</u>	<u>696,661</u>

*See accompanying notes to the basic financial statements.*

**WESTERN OHIO COMPUTER ORGANZIATION  
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>			
<b>From local sources:</b>			
Interest	\$4,429		\$4,429
Services provided to other schools	2,037,505	191,952	2,229,457
Miscellaneous	51,274	6,200	57,474
Restricted grant direct - Federal		10,497	10,497
Restricted grant direct - State	170,205	53,789	223,994
Total receipts	<u>2,263,413</u>	<u>262,438</u>	<u>2,525,851</u>
<b>Disbursements:</b>			
Data processing services	2,084,198	248,339	2,332,537
Total disbursements	<u>2,084,198</u>	<u>248,339</u>	<u>2,332,537</u>
Net change in fund cash balances	179,215	14,099	193,314
Fund cash balances at beginning of year	445,931	57,416	503,347
Fund cash balances at end of year	<u>\$625,146</u>	<u>\$71,515</u>	<u>\$696,661</u>

*See accompanying notes to the basic financial statements.*

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>From local sources:</b>				
Interest	\$4,623	\$4,500	\$4,429	(\$71)
Services provided to other schools	2,084,937	2,029,599	2,037,505	7,906
Miscellaneous	698	680	51,274	50,594
Restricted grant direct - State	174,841	170,200	170,205	5
Total revenues	<u>2,265,099</u>	<u>2,204,979</u>	<u>2,263,413</u>	<u>58,434</u>
<b>Expenditures:</b>				
Data processing services	2,468,330	2,458,153	2,226,448	231,705
Total expenditures	<u>2,468,330</u>	<u>2,458,153</u>	<u>2,226,448</u>	<u>231,705</u>
Net change in fund cash balance	(203,231)	(253,174)	36,965	290,139
Fund cash balance at beginning of year	392,543	392,543	392,543	
Prior year encumbrances appropriated	<u>53,388</u>	<u>53,388</u>	<u>53,388</u>	
Fund cash balance at end of year	<u>\$242,700</u>	<u>\$192,757</u>	<u>\$482,896</u>	<u>\$290,139</u>

*See accompanying notes to the basic financial statements.*

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**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**1. REPORTING ENTITY**

The Western Ohio Computer Organization (the "Organization") is a jointly governed organization established in 1980, under Ohio Rev. Code Section 3301.075, and is composed of 29 member school districts. 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 14 members: the Superintendent of the Fiscal Agent, two Superintendents from each county that is represented, one treasurer representative, a student services representative, and non-voting independent district representative. The degree of control exercised by any participating member is limited to its representation on the Board. The Shelby County Educational Service Center (ESC) serves as fiscal agent and custodian of the Organization's assets. 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. In the government-wide financial statements Financial Accounting Standards Board (FASB) guidance and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. 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 assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

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

The statement of net assets presents the cash balance of the governmental activities of the Organization at fiscal year end. The statement of activities 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, 2010  
(Continued)**

**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 major fund is the general fund.

**General Fund** - The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the Organization for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Other Governmental Funds** - The other governmental funds of the Organization account for grants and other resources whose use is restricted to a particular purpose.

**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.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

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 statements reflect the amounts on the estimated revenues when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements 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.

**E. Cash and Investments**

The Shelby County Educational Service Center (ESC), as fiscal agent, maintains a cash pool used by all funds. To improve cash management, cash received by the ESC is pooled and invested on the Organization's behalf. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Organization records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

Investments of the Organization's cash management pool and investments are presented on the financial statements as cash equivalents. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

The Organization is a participant in an external investment pool of the ESC. Investments are governed by the trust agreement. The investment pool is not registered with the SEC as an investment company. The fair value of investments is determined annually based on quoted market price. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the investment income that it earns.

The Organization Director specifies the funds to receive an allocation of interest earnings. Interest receipts credited to the Organization's general fund during fiscal year 2010 was \$4,429.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts received for special revenue operations.

**G. 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.

**H. 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.

**I. 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.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Organization recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

The Organization's cash basis financial statements do not report liabilities or other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

**L. Net Assets**

Net assets are 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. Net assets restricted for other purposes include resources restricted for communication purchased services and equipment. 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 assets are available. The Organization had \$71,515 net assets restricted for other purpose obligations at June 30, 2010.



**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Fund Balance Reserves**

The Organization reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**N. 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**

The budgetary basis is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of cash receipts, cash disbursements and changes in fund cash balance - budget and actual - budgetary basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that the outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$142,250 in the general fund.

**4. DEPOSITS AND INVESTMENTS**

The Shelby County Educational Service Center (ESC), as fiscal agent, maintains a cash and investment pool used by all funds. The ESC's records indicated the Organization's cash balance as of June 30, 2010, was \$696,661. For information regarding risk relating to the deposits and investments of the Organization, the Treasurer of the Shelby County ESC may be contacted at 129 East Court Street, 4th Floor, Sidney, Ohio 45365.

**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 2010, the Organization contracted with various companies for the following insurance coverage:

Building and Contents - Replacement Cost	\$1,042,126
Automobile Liability	1,000,000
Commercial Umbrella	5,000,000
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, 2010  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

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

For fiscal year 2010, the Organization participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve the benefit of a reduced premium for the Organization by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Plan.

Each member pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control and actuarial services to the Plan.

**6. DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

**Plan Description** - The Organization contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the Organization is required to contribute at an actuarially determined rate. The current Organization rate is 14 percent of annual covered payroll. A portion of the Organization's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Organization's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$123,975, \$92,968 and \$80,360, respectively. The full amount has been contributed for fiscal years 2010, 2009 and 2008.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**7. POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System**

**Plan Description** - The Organization participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes 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.

The Organization's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$4,462, \$42,546 and \$36,671, respectively. The full amount has been contributed for fiscal years 2010, 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The Organization's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009 and 2008 were \$7,373, \$7,671 and \$5,791, respectively. The full amount has been contributed for fiscal years 2010, 2009 and 2008.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**8. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Organization are subject to audit and adjustment by the grantor, principally the federal government. 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.

**9. JOINTLY GOVERNED ORGANIZATION**

The Organization is considered a jointly governed organization (See Note 1). In the event of a dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contributions.

**10. PUBLIC ENTITY RISK POOLS**

**Southwest Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan**

The Organization participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (the Plan) was established through the Southwestern Ohio EPC as an insurance purchasing pool. The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the SWO EPC. The Executive Director of the SWO EPC, or his designee, serves as coordinator of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

**Shelby Schools Consortium**

The Shelby Schools Consortium (the "Consortium") is an insurance purchasing pool among seven local school districts and the Shelby Educational Service Center (which includes 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, dental and term life 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 Medical 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 Educational Service Center. The degree of control exercised is limited to its representation on the committee. Financial information can be obtained from Mike Elsass, who serves as consultant to the group, Elsass/Hecker CLU's, 131 N. Ludlow, St. Dayton, Ohio 45402.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED**

The discussion and analysis of the Western Ohio Computer Organization, Shelby County (the "Organization") financial performance provides an overall review of Organization's financial activities for the fiscal year June 30, 2009, 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 2009 are as follows:

- In total, net assets of governmental activities increased \$78,308 which represents an 18.42% increase from 2008.
- General revenues accounted for \$98,742 in revenue, or 4.02% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,356,508 or 95.98% of total revenues of \$2,455,250.
- The Organization had \$2,376,942 in expenses related to governmental activities; \$2,356,508 of program specific revenue for charges for services, grants or contributions offset these expenses. General revenues supporting governmental activities of \$98,742 were adequate to provide for these programs.
- The Organization's major governmental fund is the general fund. The general fund had \$2,192,912 in revenues and \$2,096,006 in expenditures. During fiscal year 2009, the general fund's balance increased \$96,906 from \$349,025 to \$445,931.

**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 Statement No. 34, as applicable to the Organization's cash basis of accounting.

**Report Components**

The statement of net assets and statement of activities 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 by far the most significant fund, and the only governmental fund reported as a major fund.

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

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(Continued)**

**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 generally accepted accounting principles. 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 Assets and the Statement of Activities**

While this document contains the large number of funds used by the Organization to provide programs and activities, the view of the Organization as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include all assets, revenues and expenses using the cash basis (OCBOA) accounting method. This basis of accounting will take into account all of the current year's revenues and expenses 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 educational programs and other factors. In the statement of net assets and the statement of activities, the governmental activities include the data processing and technical support services, and other operations.

The Organization's statement of net assets and statement of activities 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 26. Fund financial reports provide detailed information about the Organization's major fund. The Organization uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Organization's most significant funds, not the Organization as a whole.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(Continued)**

**Governmental Funds**

Most 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 cash basis (OCBOA) 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 31-33 of this report.

**The Organization as a Whole**

Recall that the statement of net assets provides the perspective of the Organization as a whole. The table below provides a summary of the Organization's net assets for 2009 compared to 2008 on a cash basis:

<b>Net Assets Cash-basis</b>		
	<b>2009</b>	<b>2008</b>
<b>Assets:</b>		
Cash and cash equivalents	\$503,347	\$425,039
Total assets	503,347	425,039
<b>Net assets:</b>		
Restricted for other purposes	57,416	76,014
Unrestricted	445,931	349,025
Total net assets	\$503,347	\$425,039

Over time, net assets can serve as a useful indicator of a government's financial position. As mentioned previously, net assets of the governmental activities increased \$78,308, or 18.42%, during 2009.

The primary reasons contributing to the increase in the Organization's cash balance is the significant increase in charges for services primarily due to and increase in revenues related to services provided and fees charged.

The table below shows the changes in net cash assets for fiscal year 2009 compared to 2008 on a cash basis:

<b>Change in Net Cash Assets</b>		
	<b>2009</b>	<b>2008</b>
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services and sales	\$2,085,752	\$1,727,194
Operating grants and contributions	270,756	345,038
<b>General revenues:</b>		
Investment earnings	9,130	28,763
Miscellaneous	89,612	83,740
Total revenues	2,455,250	2,184,735
<b>Expenses:</b>		
<b>Program expenses:</b>		
Data processing services	2,376,942	2,281,006
Total expenses	2,376,942	2,281,006
Increase / (decrease) in net assets	\$ 78,308	(\$ 96,271)

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(Continued)**

Net assets of the Organization's governmental activities increased \$78,308. Program revenues of \$2,356,508 and general revenues of \$98,742 offset total governmental expenses of \$2,376,942. Program revenues supported 99.14% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from charges for services and operating grants and contributions. These revenue sources represent 95.98% of total governmental revenue.

The largest expense of the Organization is for data processing support programs. These support expenses totaled \$2,376,942 or 100% of total governmental expenses for fiscal 2009.

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.

<b>Governmental activities</b>	<b>Total Cost of Services 2009</b>	<b>Net Cost of Services 2009</b>	<b>Total Cost of Services 2008</b>	<b>Net Cost of Services 2008</b>
<b>Support services:</b>				
Data processing services	\$2,376,942	\$20,434	\$2,281,006	\$208,774
Total expenses	<u>\$2,376,942</u>	<u>\$20,434</u>	<u>\$2,281,006</u>	<u>\$208,774</u>

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

**The Organization's Funds**

The Organization's governmental funds reported a combined fund balance of \$503,347, which is higher than last year's total of \$425,039. The greatest change within governmental funds occurred within the general fund.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	<b>Fund Balance June 30, 2009</b>	<b>Fund Balance June 30, 2008</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>	
General	\$445,931	\$349,025	\$96,906	27.76	%
Other Governmental	57,416	76,014	(18,598)	(24.47)	%
Total	<u>\$503,347</u>	<u>\$425,039</u>	<u>\$78,308</u>	18.42	%

**General Fund**

The Organization's general fund balance increased \$96,906. This increase was primarily due to the increase in revenues associated with services provided to others.



**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)**

**General Fund Budgeting Highlights**

The Organization's budget is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal 2009, the Organization amended its general fund budget to reflect changing circumstances. For the general fund, original budgeted revenues were \$2,290,000 and final budgeted revenues were \$2,197,800. Actual revenues for fiscal 2009 were \$2,192,912. This represents a \$4,888 decrease from final budgeted revenues.

General fund original appropriations were \$2,373,543 and final budgeted appropriations were \$2,366,132. The actual budget basis expenditures for fiscal year 2009 totaled \$2,149,394, which is \$216,738 less than the final budgeted appropriations.

**Debt Administration**

At June 30, 2009, the Organization did not have any outstanding debt.

**Current Financial Related Activities**

The overall financial status of the Western Ohio Computer Organization is adequate. Although, as with any State agency, funding is at some risk due to State budgetary issues. The majority of the Organization's funding is provided by our customer/owners; we have recently significantly raised our fees in some service areas and may need additional increases in the future, especially if State funding does not increase.

The Organization continues to look for opportunities to generate additional revenue by offering new services to our members which are outside the basic service areas of a data acquisition site.

**Contacting the Organization's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors 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 Mrs. Cathy Doseck, Treasurer, Shelby County Educational Service Center (fiscal agent to the Western Ohio Computer Organization), 129 E. Court St., Sidney, Ohio 45365.

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WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2009

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$503,347
Total assets	<u>503,347</u>
<b>Net cash assets:</b>	
<b>Restricted for:</b>	
Other purposes	57,416
Unrestricted	445,931
Total net cash assets	<u><u>\$503,347</u></u>

*See accompanying notes to the basic financial statements.*

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

		<b>Program Cash Receipts</b>		<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
	<b>Cash</b>	<b>Charges for</b>	<b>Operating</b>	
<b>Governmental activities:</b>	<b>Disbursements</b>	<b>Services</b>	<b>Grants and</b>	<b>Governmental</b>
<b>Current:</b>		<b>and Sales</b>	<b>Contributions</b>	<b>Activities</b>
Data processing services	\$2,376,942	\$2,085,752	\$270,756	(\$20,434)
Total governmental activities	\$2,376,942	\$2,085,752	\$270,756	(20,434)
<b>General receipts:</b>				
Interest				9,130
Miscellaneous				89,612
Total general receipts				98,742
Change in net assets				78,308
Net cash assets at beginning of year				425,039
Net cash assets at end of year				\$503,347

*See accompanying notes to the basic financial statements.*

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$445,931	\$57,416	\$503,347
Total assets	445,931	57,416	503,347
<b>Fund Cash Balances:</b>			
Reserved for encumbrances	53,388	21,900	75,288
<b>Unreserved, undesignated, reported in:</b>			
General fund	392,543		392,543
Special revenue funds		35,516	35,516
Total fund cash balances	\$445,931	\$57,416	\$503,347

*See accompanying notes to the basic financial statements.*

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>			
<b>From local sources:</b>			
Interest	\$9,130		\$9,130
Services provided to other schools	1,895,001	\$190,751	2,085,752
Miscellaneous	83,812	5,800	89,612
Restricted grant direct - State	204,969	65,787	270,756
Total receipts	<u>2,192,912</u>	<u>262,338</u>	<u>2,455,250</u>
<b>Disbursements:</b>			
Data processing services	2,096,006	280,936	2,376,942
Total disbursements	<u>2,096,006</u>	<u>280,936</u>	<u>2,376,942</u>
Net change in fund cash balances	96,906	(18,598)	78,308
Fund cash balances at beginning of year	349,025	76,014	425,039
Fund cash balances at end of year	<u>\$445,931</u>	<u>\$57,416</u>	<u>\$503,347</u>

*See accompanying notes to the basic financial statements.*

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>From local sources:</b>				
Interest	\$10,420	\$10,000	\$9,130	(\$870)
Services provided to other schools	1,977,415	1,897,800	1,895,001	(2,799)
Miscellaneous	88,565	85,000	83,812	(1,188)
Restricted grant direct - State	213,600	205,000	204,969	(31)
Total revenues	<u>2,290,000</u>	<u>2,197,800</u>	<u>2,192,912</u>	<u>(4,888)</u>
<b>Expenditures:</b>				
Data processing services	2,373,543	2,366,132	2,149,394	216,738
Total expenditures	<u>2,373,543</u>	<u>2,366,132</u>	<u>2,149,394</u>	<u>216,738</u>
Net change in fund cash balance	(83,543)	(168,332)	43,518	211,850
Fund cash balance at beginning of year	328,395	328,395	328,395	
Prior year encumbrances appropriated	20,630	20,630	20,630	
Fund cash balance at end of year	<u>\$265,482</u>	<u>\$180,693</u>	<u>\$392,543</u>	<u>\$211,850</u>

*See accompanying notes to the basic financial statements.*

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**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**1. REPORTING ENTITY**

The Western Ohio Computer Organization (the "Organization") is a jointly governed organization established in 1980, under Ohio Rev. Code Section 3301.075, and is composed of 29 member school districts. 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 14 members: the Superintendent of the Fiscal Agent, two Superintendents from each county that is represented, one treasurer representative, a student services representative, and non-voting independent district representative. The degree of control exercised by any participating member is limited to its representation on the Board. The Shelby County Educational Service Center (ESC) serves as fiscal agent and custodian of the Organization's assets. 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. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. 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 assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

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

The statement of net assets presents the cash balance of the governmental activities of the Organization at fiscal year end. The statement of activities 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, 2009  
(Continued)**

**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 major fund is the General Fund.

**General Fund** - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the Organization for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Other Governmental Funds** - The other governmental funds of the Organization account for grants and other resources whose use is restricted to a particular purpose.

**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.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

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 statements reflect the amounts on the estimated revenues when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements 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.

**E. Cash and Investments**

The Shelby County Educational Service Center (ESC), as fiscal agent, maintains a cash pool used by all funds. To improve cash management, cash received by the ESC is pooled and invested on the Organization's behalf. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Organization records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

Investments of the Organization's cash management pool and investments are presented on the financial statements as cash equivalents. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

The Organization is a participant in an external investment pool of the ESC. Investments are governed by the trust agreement. The investment pool is not registered with the SEC as an investment company. The fair value of investments is determined annually based on quoted market price. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the investment income that it earns.

The Organization Director specifies the funds to receive an allocation of interest earnings. Interest receipts credited to the Organization's general fund during fiscal year 2009 was \$9,130.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts received for special revenue operations.

**G. 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.

**H. 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.

**I. 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.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Organization recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

The Organization's cash basis financial statements do not report liabilities or other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

**L. Net Assets**

Net assets are 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. Net assets restricted for other purposes include resources restricted for communication purchased services and equipment. 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 assets are available. The Organization had \$57,416 net assets restricted for other purpose obligations at June 30, 2009.

**M. Fund Balance Reserves**

The Organization reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Interfund Transactions**

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

**3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of cash receipts, cash disbursements and changes in fund cash balance - budget and actual - budget basis presented for the General Fund is prepared 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 that the outstanding year end encumbrances are treated as cash disbursements (budget basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budget basis) amounted to \$53,388 in the General Fund.

**4. ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2009, the Organization has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have and effect on the financial statements of the Organization; however, certain disclosures related to postemployment benefits (see Note 8) have been modified to conform to the new reporting requirements.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Organization.

**5. DEPOSITS AND INVESTMENTS**

The Shelby County Educational Service Center (ESC), as fiscal agent, maintains a cash and investment pool used by all funds. The ESC's records indicated the Organization's cash balance as of June 30, 2009, was \$503,347. For information regarding risk relating to the deposits and investments of the Organization, the Treasurer of the Shelby County ESC may be contacted at 129 East Court Street, 4th Floor, Sidney, Ohio 45365.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**6. 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 2009, the Organization contracted with various companies for the following insurance coverage:

Building and Contents - Replacement Cost	\$1,042,126
Automobile Liability	1,000,000
Commercial Umbrella	5,000,000
General Liability	
Per Occurrence	1,000,000
Aggregate	3,000,000

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

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

For fiscal year 2009, the Organization participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve the benefit of a reduced premium for the Organization by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Plan.

Each member pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control and actuarial services to the Plan

**7. DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

**Plan Description** - The Organization contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**7. DEFINED BENEFIT PENSION PLANS - (CONTINUED)**

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the Organization is required to contribute at an actuarially determined rate. The current Organization rate is 14 percent of annual covered payroll. A portion of the Organization's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Organization's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$92,968, \$80,360 and \$81,964, respectively. The full amount has been contributed for fiscal years 2009, 2008 and 2007.

**8. POSTEMPLOYMENT BENEFITS**

**Plan Description** - The Organization participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The Organization's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$42,546, \$36,671 and \$27,212, respectively. The full amount has been contributed for fiscal years 2009, 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The Organization's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008 and 2007 were \$7,671, \$5,791 and \$5,574, respectively. The full amount has been contributed for fiscal years 2009, 2008 and 2007.

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**9. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Organization are subject to audit and adjustment by the grantor, principally the federal government. 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.

**10. JOINTLY GOVERNED ORGANIZATION**

The Organization is considered a jointly governed organization (See Note 1). In the event of a dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contributions.

**11. PUBLIC ENTITY RISK POOLS**

**Southwest Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan**

- The Organization participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (the Plan) was established through the Southwestern Ohio EPC as an insurance purchasing pool. The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the SWO EPC. The Executive Director of the SWO EPC, or his designee, serves as coordinator of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

**Shelby Schools Consortium** - the Consortium is an insurance purchasing pool among seven local school districts and the Shelby Educational Service Center (which includes 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, dental and term life 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 Medical 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 Educational Service Center. The degree of control exercised is limited to its representation on the committee. Financial information can be obtained from Mike Elsass, who serves as consultant to the group, Elsass/Hecker CLU's, 131 N. Ludlow, St. Dayton, Ohio 45402.





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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, 4<sup>th</sup> Floor  
Sidney, Ohio 45365

To the Members of the Board:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Western Ohio Computer Organization, Shelby County, (the Organization) as of and for the fiscal years ended June 30, 2010 and June 30, 2009, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated December 15, 2010, wherein we noted the Organization used a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

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

We intend this report solely for the information and use of management, the audit committee, and members of the Board, We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 15, 2010

**WESTERN OHIO COMPUTER ORGANIZATION  
SHELBY COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2010-001**

**Material Weakness**

The Western Ohio Computer Organization did not properly classify various receipts and fund balances on the 2010 financial statements. The following errors were noted on the Organization's annual reports:

- The 2010 annual report did not present the WOCO D3A2 FY10 fund which understated the intergovernmental revenue received from the Ohio Department of Education and the ending fund balance by \$10,497.
- The 2009 General Fund reserve for encumbrances was overstated by \$155,163 due to three Purchase orders that were not valid commitments at year end and should have been closed out by fiscal year end.

The adjustments are reflected on the accompanying financial statements. The Treasurer should review the compiled financial statements for proper posting and use due care in preparation of the annual reports to provide for proper and accurate presentation of the Organizations' financial activity.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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**Mary Taylor, CPA**  
Auditor of State

**WESTERN OHIO COMPUTER ORGANIZATION**

**SHELBY 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  
JANUARY 27, 2011**