

**Central Ohio Interoperable Radio System
Council of Governments
Franklin County, Ohio**

Financial Statement – Cash Basis
December 31, 2014
with Independent Auditors' Report



Dave Yost • Auditor of State

Members of the Board
Central Ohio Interoperable Radio System
6565 Commerce Parkway
Dublin, Ohio 43017

We have reviewed the *Independent Auditors' Report* of the Central Ohio Interoperable Radio System, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 17, 2015

This page intentionally left blank.

TABLE OF CONTENTS

Independent Auditors' Report 1-2

Statement of Cash Receipts, Cash Disbursements, and Changes in Fund
Cash Balance – General Fund - For the Year Ended December 31, 2014..... 3

Notes to the Financial Statement..... 4-7

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards* 8-9

INDEPENDENT AUDITORS' REPORT

Board Members
Central Ohio Interoperable Radio System
Franklin County, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Central Ohio Interoperable Radio System, Franklin County, Ohio (COIRS), a council of governments, as of and for the year ended December 31, 2014.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

As discussed in Note 1 of the financial statements, COIRS prepared these statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

14 east main street, ste. 500
springfield, oh 45502

www.cshco.com
p. 937.399.2000
f. 937.399.5433

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with the accounting principles generally accepted in the United States of America, the financial position of COIRS as of December 31, 2014, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the ending fund cash balance of COIRS as of December 31, 2014, and its cash receipts and cash disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2015, on our consideration of COIRS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering COIRS's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 24, 2015

Central Ohio Interoperable Radio System
Franklin County
Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Cash Balance
For the Year Ended December 31, 2014

	General Fund
Cash Receipts:	
Intergovernmental	\$ 2,906,209
Other revenue	103
Total Cash Receipts	2,906,312
Cash Disbursements:	
Utilities	3,353
Professional services	9,963
Maintenance of equipment	71,365
Insurance and bonding	7,526
Capital outlay	1,538,854
Total Cash Disbursements	1,631,061
Net Change in Fund Cash Balance	1,275,251
Beginning Fund Cash Balance	165,901
Ending Fund Cash Balances:	
Committed for system upgrades	658,815
Assigned for future obligations	2,930
Unassigned	779,407
Total Ending Fund Cash Balance	\$ 1,441,152

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Central Ohio Interoperable Radio System Council of Governments, Franklin County, Ohio, (COIRS) as a body corporate and politic. COIRS was established in 2009 through an agreement approved by the City of Dublin, the City of Worthington, and Delaware County to allow the members to collaborate in order to create an improved dispatching system with enhanced technology, redundancy, spectrum efficiency and interoperability that will better serve the residents of each member's political subdivision. However, the operation of COIRS did not begin until 2010. Additional political subdivisions may apply for membership in COIRS and will be admitted upon unanimous consent of the representatives of COIRS's Governing Board. In 2014, the City of Hilliard was admitted to COIRS as a member.

The business of COIRS is managed by the Governing Board as established in the Agreement to Establish a Regional Council of Governments. The Governing Board shall exercise all powers of COIRS which are not otherwise required to be exercised by the members. The Governing Board shall consist of one (1) representative from each member and any subsequently added political subdivisions. The representative from each member shall be the highest ranking member of that member (e.g. city manager, county administrator) or a designee of that political subdivision. All representatives of the Governing Board are appointed through formal action taken by the political subdivision. Each representative of the Governing Board is entitled to vote on all matters submitted to the Board for a vote.

The City of Dublin, Franklin County, Ohio, serves as the fiscal agent for COIRS and provides certain accounting and administrative services to COIRS.

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

Accounting basis

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. COIRS recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

Cash and investments

COIRS's cash is held and invested by the City of Dublin, who acts as custodian for COG monies. COIRS's deposits are held in the City of Dublin's cash and investment pool and are valued at the City's reported carrying amount.

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2014 was \$1,441,152.

Fund accounting

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

Fund balance

Fund balance is divided into five classifications based primarily on the extent to which COIRS must observe constraints imposed upon the use of its resources. The classifications are as follows:

Nonspendable – fund balance is classified as nonspendable when legally or contractually required to maintain the amounts intact.

Restricted – fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – COIRS can commit amounts via formal action (resolution) by the Governing Board. COIRS must adhere to these commitments unless the Governing Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts also represent intended uses established by the Governing Board or an official delegated the authority to do so by the Governing Board, or by State Statute.

Unassigned – unassigned fund balance is the residual classification for amounts not included within the other classifications.

At December 31, 2014, COIRS had no fund balance classified as either nonspendable or restricted. Committed fund balance represents the extent to which funds have been specifically committed to satisfy the contractual commitment for the System Upgrade Project. COIRS applies committed resources first when expenditures are incurred for purposes for which committed, assigned or unassigned amounts are available. Similarly, assigned amounts are reduced first and then unassigned amounts when expenditures are incurred for purposes for which amounts in assigned and unassigned fund balance classifications could be used.

Budgetary process

The Ohio Revised Code does not require COIRS to budget annually. However, management prepares a budget for internal monitoring. Expenditures that are within the agreed upon budget shall require a majority consent by a quorum of the Governing Board whereas expenditures that are outside the agreed upon budget shall require a unanimous consent by the representatives of the Governing Board. Budgetary basis expenditures include outstanding year end encumbrances.

A summary of 2014 budgetary activity appears in Note 2.

Operating personnel

Through the Agreement to Establish a Regional Council of Governments, COIRS has the authority to perform all functions necessary to establish, improve, maintain, unwind and dispose of the System, including employing staff necessary to assist in the operations of COIRS. As of December 31, 2014, COIRS did not have any employees.

Property, plant, and equipment

COIRS records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Property, plant, and equipment contributed by members of COIRS are classified as either a Type 1 physical asset or a Type 2 physical asset. Type 1 physical assets shall remain with the member subdivision that initially provided the asset to COIRS upon the withdrawal or removal of that member or upon the dissolution of COIRS. Type 2 physical assets shall be considered physical assets of COIRS and shall remain an asset of COIRS upon the withdrawal or removal of the member initially providing the asset. Upon dissolution of COIRS, a Type 2 physical asset shall revert back to the member that initially provided the asset.

2. BUDGETARY ACTIVITY:

Budgetary activity for year ended December 31, 2014 is as follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$ 2,906,312</u>	<u>\$ 2,906,312</u>	<u>\$ -</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Budgetary Expenditures	Variance
General	<u>\$ 2,301,406</u>	<u>\$ 2,292,806</u>	<u>\$ 8,600</u>

3. RISK MANAGEMENT:

COIRS has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles, and
- Errors and omissions.

Settled claims have not exceeded commercial insurance coverage in any of the past three years. There has been no significant change in coverage from last year.

4. RELATED PARTY TRANSACTIONS:

COIRS's operations are funded through fees charged to member subdivisions to cover the annual budgeted operating expenditures. For the year ended December 31, 2014 member fees received by COIRS consisted of the following:

<u>Subdivision</u>	<u>Fee Contributed</u>
City of Dublin	\$ 614,871
City of Worthington	279,807
Delaware County	4,666
City of Hilliard	2,006,865

5. SIGNIFICANT COMMITMENTS:

Contractual Commitment

As of December 31, 2014, COIRS had the following contractual purchase commitment related to the System Upgrade Project:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at December 31, 2014</u>
Motorola Solutions, Inc.	<u>\$ 2,125,209</u>	<u>\$ 1,466,394</u>	<u>\$ 658,815</u>

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were \$661,745.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board Members
Central Ohio Interoperable Radio System
Franklin County, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Central Ohio Interoperable Radio System, Ohio (COIRS), a council of governments, as of and for the year ended December 31, 2014, and the related notes to the financial statements and have issued our report thereon June 24, 2015, wherein we noted COIRS followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

14 east main street, ste. 500
springfield, oh 45502

www.cshco.com
p. 937.399.2000
f. 937.399.5433

Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 24, 2015



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success.

This page intentionally left blank.



Dave Yost • Auditor of State

CENTRAL OHIO INTEROPERABLE RADIO SYSTEM

FRANKLIN 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
SEPTEMBER 29, 2015