



Dave Yost • Auditor of State

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Miami Valley Educational Computer Association
Greene County
330 East Enon Road
Yellow Springs, Ohio 45387

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Miami Valley Educational Computer Association, Greene County, (the Association) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

The effects on the financial statements 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position or cash flow of the Association as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Miami Valley Educational Computer Association as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 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 January 15, 2014, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

January 15, 2014

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGE IN FUND CASH BALANCE
ENTERPRISE FUND**

FOR THE YEAR ENDED JUNE 30, 2013

Operating Cash Receipts:

Charges for Services	\$2,509,313
Miscellaneous	156,116
Total Operating Cash Receipts	<u>2,665,429</u>

Operating Cash Disbursements:

Personal Services	924,477
Contractual Services	1,452,975
Supplies and Materials	18,182
Capital Outlay	167,109
Other	27,390
Total Operating Cash Disbursements	<u>2,590,133</u>

Operating Receipts (Under)/Over Operating Disbursements	<u>75,296</u>
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Non-Operating Cash Receipts:

Intergovernmental Receipts	<u>293,766</u>
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Net Receipts Over/(Under) Disbursements	369,062
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Fund Cash Balance, July 1	<u>744,750</u>
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Fund Cash Balance, June 30	<u><u>\$1,113,812</u></u>
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The notes to the financial statements are an integral part of this statement.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGE IN FUND CASH BALANCE
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

Operating Cash Receipts:	
Charges for Services	\$2,427,903
Miscellaneous	160,862
Total Operating Cash Receipts	<u>2,588,765</u>
Operating Cash Disbursements:	
Personal Services	948,509
Contractual Services	1,413,512
Supplies and Materials	17,598
Capital Outlay	215,211
Other	30,787
Total Operating Cash Disbursements	<u>2,625,616</u>
Operating Receipts (Under)/Over	
Operating Disbursements	<u>(36,851)</u>
Non-Operating Cash Receipts:	
Intergovernmental Receipts	<u>254,736</u>
Net Receipts Over/(Under) Disbursements	217,885
Fund Cash Balance, July 1	<u>526,865</u>
Fund Cash Balance, June 30	<u><u>\$744,750</u></u>

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

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Miami Valley Educational Computer Association (the "Association") was organized under Ohio Rev. Code Section 3313.92 for fiscal year 2006. Since July 1, 2006, it is reorganized into a Regional Council of Government under Ohio Revised Code Chapter 167. During each of these fiscal years, the Association operated under a Board of Directors consisting of seven members elected from a general assembly for three year terms.

The Association provides computer systems for the needs of the member Boards of Education as authorized by state statute guidelines. The Association serves twenty-five schools, in Greene, Fayette, Clark, Highland, Clinton and Madison Counties.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Deposits and Investments

The Association's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Budgetary Process

1. Budget

Prior to the start of each fiscal year the Board of Directors approves a budget for the Association. The budget includes an estimate of the amounts expected to be received and expended by the Association during the fiscal year.

2. Encumbrances

The Association reserves (encumber) appropriations when commitments are made. These are reported as budgetary expenditures in Note 3. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

E. Fund Accounting

The Association uses fund accounting to segregate cash and investments that are restricted as to use. The Association classifies its activity into the following fund type:

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Fund - This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Association's primary sources of revenue are user charges and grants from the State of Ohio.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Association.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Association maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at June 30 was as follows:

	2013	2012
Demand deposits	\$1,113,812	\$744,750
Total deposits	\$1,113,812	\$744,750

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2013:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$2,859,351	\$2,959,195	\$99,844

2013 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$2,820,698	\$2,610,321	\$210,377

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$2,677,132	\$2,843,501	\$166,369

2012 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$2,679,985	\$2,647,226	\$32,759

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(Continued)**

4. RETIREMENT SYSTEM

The Association's full-time employees belong to the School Employees Retirement System (SERS) of Ohio. SERS is a cost-sharing, multiple-employer defined benefit plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2013 and 2012, members of SERS contributed 10% of their gross salaries. The Association contributed an amount equal to 14% of participants' gross salaries and they also picked up an additional 2.5% of the Executive Director's and 5% of the Director of Operation's and Treasurer's SERS. The Association has paid all contributions required through June 30, 2013.

5. RISK MANAGEMENT

During fiscal year 2013 and 2012, the Association contracted with the Southwestern Ohio Educational Purchasing Council for coverage which included the following risks:

- Healthcare, dental and vision insurance for employees

During fiscal year 2013 and 2012, the Association contracted with the Anderson-Williamson Insurance for coverage which included the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

6. JOINTLY GOVERNED ORGANIZATIONS

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SWEPC) is a purchasing cooperative made up of over 126 public school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SWEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SWEPC is held in trust for the member districts. Any district withdrawing from the SWEPC shall forfeit its claim to any and all SWEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to SWEPC are made from the general fund. During fiscal year 2013, the Association paid \$144,123 (which includes insurance premiums) to SWEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(Continued)**

7. PUBLIC ENTITY SHARED RISK POOL

Southwestern Ohio Educational Purchasing Council's Benefit Plan Trust – The Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of 55 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information may be obtained from the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.



Dave Yost • Auditor of State

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

Miami Valley Educational Computer Association
Greene County
330 East Enon Road
Yellow Springs, Ohio 45387

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Miami Valley Educational Computer Association, Greene County, (the Association) as of and for the year ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements and have issued our report thereon dated January 15, 2014 wherein we noted the Association followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

January 15, 2014



Dave Yost • Auditor of State

MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION

GREENE 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
FEBRUARY 11, 2014**