



Dave Yost • Auditor of State

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Balance - Enterprise Fund - For the Year Ended December 31, 2015	3
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Balance - Enterprise Fund - For the Year Ended December 31, 2014	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Miami Valley Educational Computer Association
Greene County
330 East Enon Road
Yellow Springs, Ohio 45387-1415

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 June 30, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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 opinions.

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

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

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Association as of June, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Miami Valley Educational Computer Association, Greene County as of June 30, 2015 and 2014, and its 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(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 December 9, 2015, 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

December 9, 2015

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGE IN FUND BALANCE
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

Operating Cash Receipts:

Charges for Services	\$3,582,002
Miscellaneous	199,157
Total Operating Cash Receipts	<u>3,781,159</u>

Operating Cash Disbursements:

Personal Services	1,595,269
Contractual Services	2,436,041
Supplies and Materials	39,169
Capital Outlay	138,864
Other	31,233
Total Operating Cash Disbursements	<u>4,240,576</u>

Operating Receipts (Under)/Over Operating Disbursements	<u>(459,417)</u>
--	------------------

Non-Operating Cash Receipts:

Earnings on Investments	173
Intergovernmental Receipts	644,807
Total Non-Operating Cash Receipts	<u>644,980</u>

Net Receipts Over/(Under) Disbursements	185,563
---	---------

Fund Cash Balance, July 1	<u>1,348,734</u>
---------------------------	------------------

Fund Cash Balance, June 30	<u><u>\$1,534,297</u></u>
----------------------------	---------------------------

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 BALANCE
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2014**

Operating Cash Receipts:	
Charges for Services	\$2,976,292
Miscellaneous	294,150
Total Operating Cash Receipts	<u>3,270,442</u>
 Operating Cash Disbursements:	
Personal Services	1,077,290
Contractual Services	1,882,636
Supplies and Materials	24,904
Capital Outlay	276,321
Other	34,182
Total Operating Cash Disbursements	<u>3,295,333</u>
 Operating Receipts (Under)/Over	
Operating Disbursements	<u>(24,891)</u>
 Non-Operating Cash Receipts:	
Earnings on Investments	74
Intergovernmental Receipts	259,739
Total Non-Operating Cash Receipts	<u>259,813</u>
 Net Receipts Over/(Under) Disbursements	 234,922
 Fund Cash Balance, July 1	 <u>1,113,812</u>
 Fund Cash Balance, June 30	 <u><u>\$1,348,734</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, 2015 AND 2014**

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-three school districts, in Clark, Clinton, Fayette, Greene, Highland, and Madison Counties, as well as thirteen community schools, three educational service centers, one STEM school, and one port authority.

B. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Directors must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Encumbrances

The Ohio Revised Code requires the Association to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 types:

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

	2015	2014
Demand deposits	\$1,534,297	\$1,348,734
Total deposits and investments	\$1,534,297	\$1,348,734

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, 2015 and 2014

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$4,359,812	\$4,426,139	\$66,327
	\$4,359,812	\$4,426,139	\$66,327

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$4,419,095	\$4,287,602	\$131,493
	\$4,419,095	\$4,287,602	\$131,493

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$3,555,701	\$3,530,255	(\$25,446)
	<u>\$3,555,701</u>	<u>\$3,530,255</u>	<u>(\$25,446)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$3,475,689	\$3,357,334	\$118,355
	<u>\$3,475,689</u>	<u>\$3,357,334</u>	<u>\$118,355</u>

4. CAPITAL LEASE

The Association has two capital leases that were entered into in FY14. The first lease is for Core Upgrade. The length of the lease is three years and includes three annual payments of \$55,330 that began on February 15, 2014. As of June 30, 2015, two of those annual lease payments have been made.

The second lease is for Storage and Call Manager. The length of the lease is four years and includes four annual payments of \$57,597 that began on July 25, 2014. As of June 30, 2015, one of those annual lease payments has been made.

Amortization of the above lease, including interest, is scheduled as follows:

Fiscal Year ending June 30:	Core Upgrade	Storage and Call Manager
2016	\$55,330	\$57,597
2017		57,597
2018		57,597
Total	<u>\$55,330</u>	<u>\$172,791</u>

5. RETIREMENT SYSTEM

The Association's full and part 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 post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2015, members of SERS contributed 10% of their gross salaries. The Association contributed an amount equal to 14% of participants' gross salaries. The Association also picked up portion of the Executive Director's, Director of Operation's, and Treasurer's share. The Association has paid all contributions required through June 30, 2015.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
(Continued)**

6. RISK MANAGEMENT

During fiscal year 2015, the Association contracted with the Southwestern Ohio Educational Purchasing Council for coverage which included the following risks:

- Healthcare, dental, vision and life insurance for employees

During fiscal year 2015, the Association contracted with the Anderson-Williamson Insurance Agency for coverage which included the following risks:

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

7. SUBSEQUENT EVENT

During fiscal year 2015, the Association was approved for a \$500,000.00 interest-free Local Government Innovation Fund (LGIF) loan to build internet fiber in the City of Wilmington and Clinton County. This loan is payable over ten years and no payment is due the first year. No disbursements were made from this loan in fiscal year 2015 and, subsequently, no repayment has occurred as of June 30, 2015.



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 45387-1415

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 Miami Valley Educational Computer Association, Greene County, (the Association) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2015.

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*.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

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 "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 9, 2015



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
JANUARY 26, 2016**