



**TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION
MARION COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION
MARION COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance For the Year Ended June 30, 2000	3
Notes to the Financial Statements	5
Schedule of Federal Awards Receipts and Expenditures	9
Notes to the Schedule of Federal Awards Receipts and Expenditures	10
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Report on Compliance with Requirements Applicable to the Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	13
Schedule of Findings	15
Schedule of Prior Audit Findings and Corrective Action Plan	17

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors
Tri-Rivers Educational Computer Association
Marion County
2222 Marion-Mt. Gilead Road
Marion, Ohio 43302

We have audited the accompanying financial statements of the Tri-Rivers Educational Computer Association, Marion County, Ohio, (the Association) as of and for the year ended June 30, 2000. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 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 that our audit provides a reasonable basis for our opinion.

As described Note 1, the Association prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance and reserve for encumbrances of the Tri-Rivers Educational Computer Association, Marion County, Ohio, as of June 30, 2000, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2000, 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 grants.

Our audit was performed for the purpose of forming an opinion on the financial statement of the Association, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Tri-Rivers Educational Computer Association
Marion County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of management, the Board of Directors, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

November 20, 2000

**TRI-RIVER EDUCATIONAL COMPUTER ASSOCIATION
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN CASH BALANCE
FOR THE YEAR ENDED JUNE 30, 2000**

Cash Receipts:	
Fees	\$2,892,613
Intergovernmental	2,623,374
Earnings on Investment	3,529
Miscellaneous	<u>570</u>
Total Cash Receipts	<u>5,520,086</u>
Cash Disbursements:	
Salaries	2,271,658
Employee Benefits	690,530
Purchased Services	312,434
Supplies & Materials	946,722
Capital Outlay	398,488
Debt Service	127,335
Miscellaneous	<u>410,172</u>
Total Cash Disbursements	<u>5,157,339</u>
Total Receipts Over/(Under) Cash Disbursements	<u>362,747</u>
Other Financing Receipts/(Disbursements):	
Short term borrowing from custodian	468,687
Repayment to custodian	<u>(986,661)</u>
Total Other Financing Receipts/(Disbursements):	<u>(517,974)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(155,227)
Cash Balance July 1, 1999	<u>432,324</u>
Cash Balance June, 30, 2000	<u><u>\$277,097</u></u>
Reserve for Encumbrances, June 30, 2000	<u><u>\$47,516</u></u>

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

This Page Intentionally Left Blank

**TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Tri-Rivers Educational Computer Association, (the Association) is organized under Ohio Rev. Code Section 3313.92. The Association operates under a Board of Directors consisting of eight members representing the six counties in which The Association provides services. Each county annually appoints a superintendent from one of the school districts in the county to sit on the board. The superintendent and treasurer from the fiscal agent school district sit on the board for a perpetual term.

The Association provides computer systems for the needs of the member Boards of Education as authorized by state statute guidelines. The Association serves forty-two schools in Marion, Morrow, Knox, Delaware, Wyandot, and Muskingum 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).

C. Cash and Investments

The Association's cash is held and invested by the Tri-Rivers Joint Vocational School District (the District), who acts as custodian for the Association's monies. The Association's assets are held in the District's cash and investment pool.

D. Budgetary Process

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.

Encumbrances

The Association reserves (encumbers) appropriations when commitments are made.

A summary of budgetary activity appears in Note 2.

E. 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.

**TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Fees

The Association charges its eight members fees for data processing services. The Association sets the fee annually. The fee is based on the number of hours of processing time required for each member.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2000 follows:

2000 Budgeted vs. Actual Receipts

<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<u>\$6,353,863</u>	<u>\$5,988,773</u>	<u>(\$365,090)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<u>\$7,339,933</u>	<u>\$6,191,516</u>	<u>\$1,148,417</u>

3. 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 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 1999, members of SERS contributed 9% of their gross salaries. The Association contributed an amount equal to 14% of participants' gross salaries. The Association has paid all contributions required through June 30, 2000.

**TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. RISK MANAGEMENT

The District has obtained commercial insurance, which includes coverage for the Association, for the following risks:

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

The District also provides health insurance and dental and vision coverage to full-time employees of the Association through its self insurance program.

5. SUBSEQUENT EVENTS

As of July 1, 2000, TRECA was established as its own Council of Government. As of October 2, 2000, TRECA discontinued using Tri-Rivers JVS as a fiscal agent, except in circumstances which require a school district to serve as the fiscal agent, such as grant funds, investments and issuing debt.

The Alliance and Technology Innovation Challenge Grant (ARCTIC) was discontinued as of September, 30, 2000. The ARCTIC grant was approved for five years (10-1-98 through 10-1-03), however the fiscal agent of the grant, Chugach School District in Alaska, discontinued the project with the subcontractors. TRECA will no longer be receiving federal funds for this project and will no longer be providing services for the project. Approximately \$115,000 will be paid to various vendors due to the discontinuation of the ARCTIC Grant.

This Page Intentionally Left Blank

**TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION
MARION COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	CFDA #	Pass Through Entity Number	Receipts	Disbursements
U.S. DEPARTMENT OF EDUCATION				
<i>Passed through Chugach Local School District</i>				
Alliance and Technology Innovation Challenge Grant	84.303	N/A	\$1,101,503	\$1,101,503
<i>Passed through the Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	065268 C1-AF 99	235,845	234,155
Goals 2000 State and Local Education Systemic Improvement	84.276	065268 G2-SP 99	175,000	153,646
Total Federal Awards			<u>\$1,512,348</u>	<u>\$1,489,304</u>

**TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION
MARION COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards receipts and expenditures is a summary of the activity of the Association's federal award programs. The schedule has been prepared on the cash basis of accounting.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Directors
Tri-Rivers Educational Computer Association
Marion County
2222 Marion-Mt. Gilead Road
Marion, Ohio 43302

We have audited the financial statements of the Tri-Rivers Educational Computer Association, Marion County, Ohio, (the Association) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Association in a separate letter dated November 20, 2000.

Tri-Rivers Educational Computer Association
Marion County
Report on Compliance and on Internal Control Required
by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

November 20, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Tri-Rivers Educational Computer Association
Marion County
2222 Marion-Mt. Gilead Road
Marion, Ohio 43302

We have audited the compliance of the Tri-Rivers Educational Computer Association, Marion County, Ohio, (the Association) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The Association's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Association's management. Our responsibility is to express an opinion on the Association's compliance based on our audit.

Compliance

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Association's compliance with those requirements.

In our opinion, the Tri-Rivers Educational Computer Association complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings as item 2000-10651-002.

Internal Control Over Compliance

The management of the Association is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Association's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Association's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item 2000-10651-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

November 20, 2000

**TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION
MARION COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA 84.303: Alliance + Technology Innovation Challenge Grant
(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION
MARION COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2000-10651-001
CFDA Title and Number	Technology Innovation Challenge Grant CFDA # 84.303
Federal Award Number / Year	R303A980236 10/1/1998 - 9/30/2003
Federal Agency	U.S. Department of Education
Pass-Through Agency	Chugach Local School District

Transaction Approval

Requisitions for grant expenditures should be approved by the Director or the Assistant Director of the Association to ensure that expenditures being requested are allowable under the grant requirements.

Forty-three percent of requisitions tested lacked a signature of the Director or the Assistant Director specifically authorizing the expenditure. Without authorization for grant expenditures, the possibility exists that expenditures may be made for goods or services prohibited by grant regulations.

We recommend that all requisitions for grant expenditures be approved by the Association's Director or Assistant Director.

Finding Number	2000-10651-002
CFDA Title and Number	Technology Innovation Challenge Grant CFDA # 84.303
Federal Award Number / Year	R303A980236 10/1/1998 - 9/30/2003
Federal Agency	U.S. Department of Education
Pass-Through Agency	Chugach Local School District

Federal Compliance Requirement - Cash Management

Section 2.2 of the Sub-Contract Agreement with Chugach School District states that payments will be made on a reimbursement basis. Subcontractor (Tri-Rivers Educational Computer Association) must submit a "Request for Reimbursement" form to Chugach School District, with supporting documentation comprised of a detailed listing to include date paid, vendor name, amount, and account code. Reimbursement may only be requested for actual expenditures already disbursed.

The Association included encumbrances in the amounts requested for reimbursement during the fiscal year. The amounts encumbered had not yet been expended at the time of the request.

We recommend that the Association limits its reimbursement requests to the amounts actually expended.

**TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (b) (c)
JUNE 30, 2000**

1. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Federal Compliance Requirement - Cash Management

Section 2.2 of the Sub-Contract Agreement with Chugach School District states that payments will be made on a reimbursement basis. This has been repeated in this years report.

Transaction Approval - This has been repeated in this years report.

2. CORRECTIVE ACTION PLAN

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-10651-001	The Treasurer will begin approving all grant requisitions .	Immediately	Linda Phillips, Treasurer
2000-10651-002	The Treasurer no longer include encumbrances in the request for reimbursement.	Immediately	Linda Phillips, Treasurer



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION

MARION 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
DECEMBER 26, 2000**