



Dave Yost • Auditor of State

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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 45387-1415

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Miami Valley Educational Computer Association, Greene County, Ohio (the Association) as of and for the years ended June 30, 2017 and 2016.

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 such 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 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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 30 2017 and 2016, and the respective changes in financial position or cash flows 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 cash balances, receipts and disbursements by fund type, and related notes of the Miami Valley Educational Computer Association, Greene County as of June 30, 2017 and 2016, 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 July 27, 2018, 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

July 27, 2018

**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, 2017**

Operating Cash Receipts:	
Charges for Services	\$4,785,116
Miscellaneous	<u>142,587</u>
Total Operating Cash Receipts	<u>4,927,703</u>
Operating Cash Disbursements:	
Personal Services	1,883,762
Contractual Services	3,040,291
Supplies and Materials	39,709
Capital Outlay	469,010
Other	<u>25,018</u>
Total Operating Cash Disbursements	<u>5,457,790</u>
Operating Receipts (Under)/Over Operating Disbursements	<u>(530,087)</u>
Non-Operating Cash Receipts:	
Intergovernmental Receipts	<u>231,438</u>
Total Non-Operating Cash Receipts	<u>231,438</u>
Net Receipts Over/(Under) Disbursements	(298,649)
Fund Cash Balance, July 1	<u>1,671,915</u>
Fund Cash Balance, June 30	<u><u>\$1,373,266</u></u>

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

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**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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 in 1980. Beginning July 1, 2006, it was reorganized into a Regional Council of Government under Ohio Revised Code Chapter 167. During the fiscal year, 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-seven school districts and service centers, in Clark, Clinton, Fayette, Greene, Highland, Madison, Montgomery and Ross Counties, as well as seventeen community schools, one STEM school, and three parochial schools.

The Association also provides technical support for the needs of non K-12 government and educational entities in the Miami Valley area.

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 Association's Bylaws require the Association's Board of Directors to adopt an annual budget that includes estimates of the amounts to be received and expended during the fiscal year.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Encumbrances

The Association reserves (encumbers) 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 2017 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:

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:

	2017
Demand deposits	<u>\$1,373,266</u>
Total deposits	<u><u>\$1,373,266</u></u>

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

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2017

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$5,140,400	\$5,159,141	\$18,741
	\$5,140,400	\$5,159,141	\$18,741

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$5,573,276	\$5,462,396	\$110,880
	\$5,573,276	\$5,462,396	\$110,880

4. DEBT

The Association has two continuing capital leases. The first lease is for Storage and Call Manager. The length of the lease is four years and includes four annual payments of \$57,597.35 that began on July 25, 2014. As of June 30, 2017, three of those annual lease payments have been made.

The second lease is for datacenter upgrades. The length of the lease is five years and includes five annual payments of \$147,084.94 that began on September 8, 2016. As of June 30, 2017, one of those annual lease payments has been made.

Year Ending June 30:	Call Manager Lease	Datacenter Upgrades Lease
2018	\$57,594	\$147,085
2019		147,085
2020		147,085
2021		147,085
Total	\$57,594	\$588,340

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.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

(Continued)

5. RETIREMENT SYSTEM (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2017, 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 8% of the Executive Director's and 6.5% of the Treasurer's share. The Association has paid all contributions required through June 30, 2017.

6. RISK MANAGEMENT

During fiscal year 2017, 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 2017, 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

**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, 2016**

Operating Cash Receipts:	
Charges for Services	\$4,535,088
Miscellaneous	<u>207,528</u>
Total Operating Cash Receipts	<u>4,742,616</u>
Operating Cash Disbursements:	
Personal Services	1,797,849
Contractual Services	2,255,446
Supplies and Materials	54,312
Capital Outlay	706,508
Other	<u>34,481</u>
Total Operating Cash Disbursements	<u>4,848,596</u>
Operating Receipts (Under)/Over Operating Disbursements	<u>(105,980)</u>
Non-Operating Cash Receipts:	
Intergovernmental Receipts	<u>243,597</u>
Total Non-Operating Cash Receipts	<u>243,597</u>
Net Receipts Over/(Under) Disbursements	137,617
Fund Cash Balance, July 1	<u>1,534,298</u>
Fund Cash Balance, June 30	<u><u>\$1,671,915</u></u>

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

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**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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 in 1980. Beginning July 1, 2006, it was reorganized into a Regional Council of Government under Ohio Revised Code Chapter 167. During the fiscal year, 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 school districts and service centers, in Clark, Clinton, Fayette, Greene, Highland, Madison, Montgomery and Ross Counties, as well as thirteen community schools, one STEM school, and three parochial schools.

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 Association's Bylaws require the Association's Board of Directors to adopt an annual budget that includes estimates of the amounts to be received and expended during the fiscal year.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Encumbrances

The Association reserves (encumbers) 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 2016 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:

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:

	2016
Demand deposits	<u>\$1,671,915</u>
Total deposits	<u><u>\$1,671,915</u></u>

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

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2016

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$5,027,191	\$4,986,213	(\$40,978)
	\$5,027,191	\$4,986,213	(\$40,978)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$4,896,606	\$4,891,579	\$5,027
	\$4,896,606	\$4,891,579	\$5,027

4. DEBT

The Association has two continuing capital leases that were originally 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 \$55,329 that began on February 15, 2014. As of June 30, 2016, all three 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 \$57,594 that began on July 25, 2014. As of June 30, 2016, two of those annual lease payments have been made.

On April 6, 2015, the Association entered into an agreement with the Director of Development Services Agency of the State of Ohio to borrow \$500,000 from Local Government Innovation Fund (LGIF). The Association has not borrowed any funds on this loan as of the date of this report.

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

Year Ending June 30:	Call Manager Lease
2017	\$57,594
2018	57,594
Total	\$115,188

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

(Continued)

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 2016, 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 6% of the Executive Director's, 5% of the Director of Operations' and the Treasurer's share. The Association has paid all contributions required through June 30, 2016.

6. RISK MANAGEMENT

During fiscal year 2016, 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 2016, 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 EVENTS

During September 2016, the Association entered into a lease agreement for data center upgrades. The lease term includes five annual payments of \$147,085 starting September 8, 2016.



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 the cash balances, receipts, and disbursements by fund type of the Miami Valley Educational Computer Association, Greene County, (the Association) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated July 27, 2018 wherein we noted the Association 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

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 report 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

July 27, 2018



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
AUGUST 23, 2018**