



Dave Yost • Auditor of State

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

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Dave Yost • Auditor of State

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

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountant's Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Association to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

December 7, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of Miami Valley Educational Computer Association, Greene County, (the Association) as of and for the years ended June 30, 2011 and 2010. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Association has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

GAAP requires presenting entity wide statements and also presenting the Association's larger (i.e. major) funds separately. While the Association does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Associations to reformat their statements. The Association has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended June 30, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position or cash flows of the Association as of June 30, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Miami Valley Educational Computer Association, Greene County, as of June 30, 2011 and 2010, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Association has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

December 7, 2011

**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, 2011**

Operating Cash Receipts:

Charges for Services	\$2,321,926
Miscellaneous	36,830
Total Operating Cash Receipts	<u>2,358,756</u>

Operating Cash Disbursements:

Personal Services	1,117,869
Contractual Services	1,365,488
Supplies and Materials	24,525
Capital Outlay	60,561
Other	27,303
Total Operating Cash Disbursements	<u>2,595,746</u>

Operating Receipts (Under)/Over Operating Disbursements	<u>(236,990)</u>
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Non-Operating Cash Receipts:

Earnings on Investments	78
Intergovernmental Receipts	295,239
Total Non-Operating Cash Receipts	<u>295,317</u>

Net Receipts Over/(Under) Disbursements	58,327
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Fund Cash Balance, July 1	<u>468,536</u>
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Fund Cash Balance, June 30	<u><u>\$526,863</u></u>
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Reserve for Encumbrances, June 30	<u><u>\$6,299</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, 2010**

Operating Cash Receipts:	
Charges for Services	\$1,777,185
Miscellaneous	31,230
Total Operating Cash Receipts	<u>1,808,415</u>
Operating Cash Disbursements:	
Personal Services	1,086,477
Contractual Services	1,135,938
Supplies and Materials	27,240
Capital Outlay	79,131
Other	36,698
Total Operating Cash Disbursements	<u>2,365,484</u>
Operating Receipts (Under)/Over Operating Disbursements	<u>(557,069)</u>
Non-Operating Cash Receipts:	
Earnings on Investments	364
Intergovernmental Receipts	293,381
Total Non-Operating Cash Receipts	<u>293,745</u>
Net Receipts Over/(Under) Disbursements	(263,324)
Fund Cash Balance, July 1	<u>731,860</u>
Fund Cash Balance, June 30	<u><u>\$468,536</u></u>
Reserve for Encumbrances, June 30	<u><u>\$53,058</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, 2011 AND 2010**

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 2011 and 2010 budgetary activity appears in Note 3.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(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 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:

	<u>2011</u>	<u>2010</u>
Demand deposits	<u>\$526,863</u>	<u>\$332,931</u>
Total deposits	<u>526,863</u>	<u>332,931</u>
Star Ohio		<u>135,605</u>
Total Investments		<u>135,605</u>
Total deposits	<u>\$526,863</u>	<u>\$468,536</u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2011:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$2,646,841	\$2,654,073	\$7,232

2011 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$2,766,715	\$2,602,045	\$164,670

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$2,200,146	\$2,102,160	(\$97,986)

2010 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$2,547,346	\$2,418,542	\$128,804

4. CAPITAL LEASE

The Association entered into capital lease with Key Government Finance, Inc. on July 1, 2010, for the purpose of Voice-Over IP equipment. The lease period is for eighteen month and includes semi-annual payments of \$22,111 beginning on July 18, 2010 for a total purchase price of \$85,262.

The following is a schedule of future minimum lease payments required under the capital lease as of June 30, 2011.

Fiscal Year	Total Payments
2012	\$44,222
Total	\$44,222

5. 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 2011 and 2010, 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 5% of the Executive Director's, Director of Operation's and Treasurer's SERS. The Association has paid all contributions required through June 30, 2011.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

6. RISK MANAGEMENT

During fiscal year 2011 and 2010, 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 2011 and 2010, the Association contracted with the Anderson-Williamson Insurance for coverage which included the following risks:

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



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' 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
Morgan Building
330 East Enon Road
Yellow Springs, Ohio 45387

To the Board of Directors:

We have audited the financial statements of Miami Valley Educational Computer Association, Greene County, (the Association) as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated December 7, 2011, wherein we noted the Association followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Association's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Association's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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*.

We did note certain matters not requiring inclusion in this report that we reported to the Association's management in a separate letter dated December 7, 2011.

We intend this report solely for the information and use of management, the Finance Committee, the Board of Directors, and others within the Association. We intend it for no one other than these specified parties.

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

December 7, 2011



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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 14, 2012**