



**METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION  
MARION COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**



**Dave Yost • Auditor of State**



# OHIO AUDITOR OF STATE **KEITH FABER**



February 5, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

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**METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION  
MARION COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Metropolitan Educational Technology Association  
Marion County  
100 Executive Drive  
Marion, Ohio 43302

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 Metropolitan Educational Technology Association, Marion County, Ohio, (the Association) as of and for the years ended June 30, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(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 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, 2016 and 2015, and the respective 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, receipts and disbursements by fund type, and related notes of the Metropolitan Educational Technology Association, Marion County, Ohio, as of June 30, 2016 and 2015, and 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.

***Emphasis of Matters***

The following matters are related to the financial statements for the year ended June 30, 2015. As discussed in Note 8, Tri-Rivers Educational Computer Association merged with Metropolitan Educational Council to become Metropolitan Educational Technology Association on April 1, 2015. Additionally, as discussed in Note 11, the July 1, 2014 beginning fund balances have been restated due to the Association changing its financial statement presentation from governmental fund reporting to enterprise fund reporting. We did not modify our opinion for these matters. The following matters are related to the financial statements for the year ended June 30, 2016. As discussed in Note 9, the Association merged with the Southeastern Ohio Voluntary Education Cooperative on January 1, 2016 and the Metropolitan Dayton Educational Cooperative Association on April 1, 2016. Additionally, as discussed in Note 8, the Association entered into a settlement agreement on July 1, 2018 to pay TRECA Digital Academy \$5,555,532. We did not modify our opinion regarding these matters.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 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.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 19, 2018

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**Metropolitan Educational Technology Association**

Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances - Regulatory Cash Basis  
Enterprise and Agency Funds  
For the Fiscal Year Ended June 30, 2016

	Enterprise	Agency	Totals (Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services - Members	\$ 25,388,662	\$ -	\$ 25,388,662
Charges for Services - SCOCA	4,484,816	-	4,484,816
Member Premiums	551,097	3,582,382	4,133,479
Miscellaneous	2,301	-	2,301
Total Operating Cash Receipts	<u>30,426,876</u>	<u>3,582,382</u>	<u>34,009,258</u>
<b>Operating Cash Disbursements</b>			
Salaries	16,022,097	-	16,022,097
Employee Fringe Benefits	6,382,530	-	6,382,530
Purchased Services	13,431,934	4,293,716	17,725,650
Supplies and Materials	2,246,489	-	2,246,489
Claims	533,994	-	533,994
Miscellaneous	549,014	-	549,014
Total Operating Cash Disbursements	<u>39,166,058</u>	<u>4,293,716</u>	<u>43,459,774</u>
Operating Loss	(8,739,182)	(711,334)	(9,450,516)
<b>Non-Operating Cash Receipts (Disbursements)</b>			
Intergovernmental	4,904,985	-	4,904,985
Earnings on Investments	88,437	-	88,437
Loan Proceeds	423,000	-	423,000
Capital Outlay	(1,614,683)	-	(1,614,683)
Debt Service:			
Principal Retirement	(1,508,978)	-	(1,508,978)
Interest and Fiscal Charges	(127,868)	-	(127,868)
Total Non-Operating Cash Receipts (Disbursements)	<u>2,164,893</u>	<u>-</u>	<u>2,164,893</u>
Income (Loss) before Special Item	(6,574,289)	(711,334)	(7,285,623)
Special Items - Transfer of Assets (See Note 9)	4,804,977	-	4,804,977
Net Change in Fund Cash Balance	(1,769,312)	(711,334)	(2,480,646)
Fund Cash Balance, July 1	7,178,775	1,075,352	8,254,127
Fund Cash Balance, June 30	<u>\$ 5,409,463</u>	<u>\$ 364,018</u>	<u>\$ 5,773,481</u>

See accompanying notes to the financial statements.

# Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016*

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Description of the Entity

The Metropolitan Educational Technology Association or META, (the Association) is a Regional Council of Governments pursuant to Chapter 167 of the Ohio Rev. Code. The Association provides computer systems for the needs of the member Boards of Education as authorized by state statute guidelines. The Association serves hundreds of schools throughout Ohio. The Association operates under a Board of Directors consisting of eight members, four elected from MEC, and four elected from TRECA.

META was formed on April 1, 2015 through the merger of Tri-Rivers Educational Computer Association (TRECA) and the Metropolitan Educational Council (MEC). On January 1, 2016, the Association merged operations with the Southeastern Ohio Voluntary Education Cooperative, Athens County (SEOVEC), and on April 1, 2016, the Association merged with the Metropolitan Dayton Educational Cooperative Association (MDECA). These mergers were facilitated through agreements to better control costs and strengthen Ohio's largest and most comprehensive educational solutions provider. The result will maximize savings for member districts by providing continuous service, broadening portfolio offerings, and leveraging increased buying power.

### *COMPONENT UNIT*

Component units are legally separate organizations for which the Association is financially accountable. The Association is financially accountable for an organization if the Association appoints a voting majority of the organization's governing board and (1) the Association is able to significantly influence the programs or services performed or provided by the organization; or (2) the Association is legally entitled to or can otherwise access the organization's resources; the Association is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Association is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Association in that the Association approves the budget or issues debt.

TRECA Digital Academy (TDA) is a component unit of the Association as a result of the Association's governing board appointing TDA's Board of Directors, and the Association is able to impose its will on TDA. TDA is a legally separate, governmental entity. TDA provides education opportunities through distance learning technologies. The financial statements of TDA are not included in the Association's financial statement. Separately issued financial statements for TDA can be obtained from Jessica Wake, Treasurer, 100 Executive Drive, Marion, Ohio, 43302.

### *JOINTLY GOVERNED ORGANIZATION*

The Association participates in the Ohio Collaborative Services Consortium (OCSC), which is a council of governments. The OCSC operates under a Board of Directors consisting of nine members, three representatives selected and appointed by each member. The three members are META, NBEC/NWOCA, and ESC of Central Ohio.

# Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016*

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The consortium was formed with the purpose of providing the efficient and economic provisions of products and services that effectively allow for the development and support of its primary market, being k-12 public education, as well as other clientele and including but not limited to secondary and pre- kindergarten education, private education, and municipal, social service, judicial and other public and community service organizations. Financial Information can be obtained from Treasurer Sandra Griscom, 100 Executive Drive, Marion, Ohio 43302.

The Association's management believes this financial statement presents all activities for which the Association is financially accountable.

### B. Basis of Presentation

The Association's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

### C. Fund Accounting

The Association uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Association are presented below:

***Enterprise Funds*** account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Association's operations are presented in a single enterprise fund.

***Agency Funds*** are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Association disburses these funds as directed by the individual, organization or other government. The Association's had the following Agency Funds:

Self-Help Gas Program – This fund receives monies for utility services provided by Constellation NewEnergy Gas Energy USA. Collections are then remitted to Constellation NewEnergy Gas Energy USA on a monthly basis.

Employee Benefits Insurance – This fund receives monies for insurance premiums by various participating members. Collections are then remitted to the appropriate provider on a monthly basis.

# Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016*

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### D. Basis of Accounting

This financial statement follows 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 Association recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes 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.

### E. Budgetary Process

The Association is not subject to budgetary laws prescribed by the Ohio Revised Code.

### F. 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 are recorded at share values the mutual funds report.

### G. Capital Assets

The Association records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

### H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for vacation and sick benefits that are recorded when cash is disbursed. A liability for any unused benefits is not recorded on the Association's regulatory cash basis financial statement.

### I. Operating Cash Receipts and Cash Disbursements

Operating cash receipts are those cash receipts that are generated directly from the primary activity of the Association. These cash receipts are charges for services provided. Operating cash disbursements are necessary costs incurred to provide the goods and/or services that are the primary activity of the fund. For the Association, these disbursements are for personal services, fringe benefits, purchased services, and any other operating related disbursements which support the operation of the Association. All cash receipts and cash disbursements not meeting this definition are reported as non-operating.

## Metropolitan Educational Technology Association

Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016

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### 2. 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:

Demand deposits	<u>\$5,023,483</u>
Total deposits	<u>5,023,483</u>
Money market funds	<u>749,998</u>
Total investments	<u>749,998</u>
Total deposits and investments	<u><u>\$5,773,481</u></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 money market mutual funds are not evidenced by securities that exist in physical or book-entry form.

### 3. RISK MANAGEMENT

#### A. Commercial Insurance

The Association has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded commercial insurance coverage in any of the past three years. There has been no significant reduction in insurance coverage in fiscal year 2016 from fiscal year 2015.

Workers' Compensation coverage is provided by the State of Ohio. The Association pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material). In addition, the Association provides health insurance to full time employees through private carriers.

# Metropolitan Educational Technology Association

Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016

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### 3. RISK MANAGEMENT (continued)

#### B. Dental Insurance Consortium

On January 1, 2016, all dental claim and administrative liabilities, and corresponding accumulated cash reserves, were transferred from SEOVEC to the Association. The Association contracted with a third-party administrator to process and pay dental benefit claims incurred by its members. The Association's third-party administrator for the year ended June 30, 2016 was Delta Dental. Payments are made by members to the Association for monthly dental insurance premiums and administrative charges. The Association approves monthly payments to the third-party administrator for actual insurance claims processed and administrative charges incurred on behalf of the members. If the members aggregate contributions less expenses cause it to have a negative cash balance, the Association shall promptly notify in writing each member of any additional funds necessary to correct the deficiency. Whereupon each member shall appropriate (pursuant to Chapter 5705 of the Revised Code) the amount stated in that notice and remit the same to the Association within the time periods determined by the Association.

A comparison of Self Insurance Fund cash and investments to the actuarially-measurer liability as of June 30 is as follows:

	2016	2015
Cash and Investments	\$ 569,439	\$ 615,497
Actuarial Liabilities	\$ 80,346	\$ 67,312

### 4. DEFINED BENEFIT PENSION PLANS

#### *Plan Description - School Employees Retirement System (SERS)*

Plan Description – Association non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.



**Metropolitan Educational Technology Association**

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016*

**4. DEFINED BENEFIT PENSION PLANS (continued)**

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Association is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the period ended December 31, 2015, the allocation to pension, death benefits, and Medicare B was 14 percent and nothing was allocated to the Health Care Fund.

Pension payments to SERS during the fiscal year totaled \$2,215,173.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – School licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

## Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016*

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### 4. DEFINED BENEFIT PENSION PLANS (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

## Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016*

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### 4. DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The Association was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

Pension payments to STRS during the fiscal year totaled \$834,901

### 5. POSTEMPLOYMENT BENEFITS

#### *School Employees Retirement System*

Health Care Plan Description - The Association contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For the period ended June 30, 2016, 0.00 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For the period ended June 30, 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

Health care payments to SERS, including the surcharge, for the fiscal year totaled \$22,600.

## Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016*

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### 5. POSTEMPLOYMENT BENEFITS (continued)

#### State Teachers Retirement System of Ohio

Health Care Plan Description - The Association participates in the cost sharing multiple-employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2016, STRS did not allocate any employer contributions to post-employment health care. The Association's contributions for health care for the fiscal years ended June 30, 2016 and 2015 were \$0 and \$0, respectively.

### 6. DEBT

The Association has a \$550,000 line of credit with Fahey Bank that is renewed on annual basis. The Association's building serves as collateral for the \$550,000 line of credit. During fiscal year 2016, the Association had line of credit draws totaling \$423,000 to cover certain lease payments for computer equipment and the cost to purchase new vehicles and made principal and interest payments totaling \$546,579 and \$8,992, respectively.

Debt outstanding at June 30, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fahey Bank Commercial Line of Credit	\$283,000	3.50%

## Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016*

### 7. LEASE OBLIGATIONS

The Association has entered into capitalized leases for technology equipment, computer storage, networking equipment, and telephone equipment.

Due to the Association reporting on the regulatory cash basis of accounting, the accompanying technology equipment, computer storage, networking equipment, and telephone equipment are not reflected as assets and liabilities within the accompanying financial statements. Principal and interest payments associated with outstanding lease obligations are paid from the resources of the Association.

During fiscal year 2016, the Association made lease payments totaling \$962,399 in principal and \$118,876 in interest. Of these amounts, \$118,014 and \$4,530 in principal and interest, respectively, represent the Association's lease payments and \$844,385 and \$114,346 in principal and interest, respectively, represents lease payments on behalf of the South Central Ohio Computer Association (SCOCA).

The agreements provide for future minimum annual lease payments as follows:

<u>Fiscal Year Ending June 30</u>	<u>Payments</u>	<u>Interest</u>
2017	1,967,874	176,744
2018	1,637,820	101,389
2019	1,141,499	42,883
2020	560,396	9,976
2021	27,464	143
	<u>\$ 5,335,053</u>	<u>\$ 331,135</u>

### 8. CONTINGENCIES

#### Grants

Amounts grantor agencies pay to the Association are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

#### Litigation

The Association is currently not a party to any material legal proceedings.

#### Contracts

The Association's contracts with TRECA Digital Academy (TDA) for fiscal year 2016 and fiscal year 2017 through August 31, 2016 required payment based on revenues TDA received from the State. As a result of the fiscal year 2016 and 2017 full-time equivalent reviews performed by the Ohio Department of Education (ODE), TDA owes ODE \$5,011,900 and \$3,289,922, respectively. Therefore, the FTE adjustments resulted in \$5,555,532 due back to TDA from the Association.

## Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016*

### 8. CONTINGENCIES (continued)

On July 1, 2018, the TDA Board of Directors entered into a settlement agreement with the Association. The terms of the settlement agreement and related promissory notes require that:

- On or before June 30, 2018, the Association shall pay TDA a lump sum payment of \$63,623.53;
- The Association shall then pay TDA \$680,000 in 23 monthly installments of \$28,000 and one monthly installment of \$36,000 with the first such monthly payment being due on or before August 1, 2018 and continuing on the first of each month thereafter until July 1, 2020; and
- The Association will finally pay TDA a balloon payment in the amount of \$4,811,908.47 that shall be due on or before July 1, 2025;

### 9. SPECIAL ITEMS – TRANSFERS OF ASSETS

On January 1, 2016, the Association merged operations with the Southeastern Ohio Voluntary Education Cooperative, Athens County (SEOVEC), and on April 1, 2016, the Association merged with the Metropolitan Dayton Educational Cooperative Association (MDECA). These mergers were facilitated through agreements to better control costs and strengthen Ohio's largest and most comprehensive educational solutions provider. The result will maximize savings for member districts by providing continuous service, broadening portfolio offerings, and leveraging increased buying power.

The mergers had the following effect on the Association's Fund Cash Balance:

<u>Special Item</u>	<u>Amount</u>
Merger with SEOVEC	\$ 3,135,841
Merger with MDECA	1,669,136
Total Special Items	<u>\$ 4,804,977</u>

### 10. SUBCONTRACT AGREEMENT

On January 1, 2016, the Association executed a Merger Agreement with the South Central Ohio Computer Association (SCOCA), with the Association continuing as the surviving entity, to better control costs and strengthen Ohio's largest and most comprehensive educational solutions provider. With the execution of the Merger Agreement, all SCOCA employees became employees of the Association.

On April 25, 2016, the Association executed a Subcontract Agreement with SCOCA that replaced the Merger Agreement executed on January 1, 2016. In accordance with the Subcontract Agreement, the merger with SCOCA was postponed until all of SCOCA's pre-Merger Agreement debts, obligations, and liabilities are fully satisfied, and the Association agreed to perform all work and do all things necessary to perform the information technology services on behalf of SCOCA to SCOCA's member districts. Based on this Subcontract Agreement, all receipts from SCOCA for services provided to SCOCA's member districts is reported as Charges for Services – SCOCA on the Statement of Receipts, Disbursements and Changes in Fund Balance.

## Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016*

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### 11. TRECA DIGITAL ACADEMY

The TRECA Digital Academy (TDA) is a component unit of the Association. On February 24, 2004, the Association and TDA entered into a Comprehensive Services Agreement, which was revised on August 24, 2010 and subsequently extended through June 30, 2017. Pursuant to this agreement, the parties established, in part, the following terms:

- The Association shall provide TDA with instructional, supervisory/administrative, and technical services sufficient to substantially implement, in cooperation with TDA, TDA's obligations pursuant to the Community School Contract (but not including those functions, such as governance, which TDA is exclusively capable of performing).
- All personnel providing services in fulfillment of the Association's responsibilities shall be employees or contractors of the Association and the Association shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to its employees.
- The technical services provided by the Association to TDA shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the Plan of Operation. All equipment shall remain the property of the Association, but not limited to computer hardware and software equipment.
- In exchange for the services and support (including equipment) provided by the Association, TDA shall pay to the Association the following fees:
  - Annual Fee – If and at such times as agreed to by the parties, TDA shall pay an annual fee to the Association for curriculum and program development, teacher training, and marketing services associated with TDA in an amount agreed to by the parties.
  - Ongoing Fees – On an ongoing basis, TDA shall pay the Association 100% of the funding received by TDA from the Ohio Department of Education pursuant to section 3314.08 of the Ohio Revised Code. These fees shall be paid according to a schedule agreed to by the parties, but not less than four times per fiscal year. The parties acknowledge that \$3,900 per student of the payments are made in furtherance of and meet the requirements for pupil instruction as required by the Ohio Revised Code, including, but not limited to, Ohio Revised Code Section 3317.012 and that the remaining funds are for the Association's provision of computers, technical support, administrative services and other goods and services.

## Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2016*

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### 11. TRECA DIGITAL ACADEMY (continued)

- Other Payments – As permitted by law, TDA shall additionally pay to the Association funds received by TDA from grants or other sources for services provided by the Association, provided the Association's provisions of such services is consistent with the terms of, and fulfill TDA's obligations pursuant to, such grants or other funding. The parties acknowledge that grants or other funding may have certain restrictions on the expenditures of funds, and the Association agrees to expend any such funding in accordance with the requirements of the specific grant or other funding. In the event that TDA receives grants or other funding not related to the services required herein, the parties shall negotiate in good faith for the Association's performance of all or a portion of TDA's obligations pursuant to such funding in exchange for TDA's payment of all or a proportionate amount of such funding.

During fiscal year 2016, TDA paid the Association \$13,250,567 of base formula funds and \$1,179,970 of additional funds.

### 12. SUBSEQUENT EVENTS

On September 1, 2016, TRECA Digital Academy (TDA) renewed the Master Service Agreement with the Association for fiscal year 2017.

On September 26, 2016, the Association borrowed \$1,264,111 from The Fahey Banking Company to cover the cost of computer equipment. The loan matures on October 1, 2021 and carries an interest rate of 3.50%.

On August 11, 2017, TDA renewed the Master Service Agreement with the Association for fiscal year 2018.

On October 31, 2017, the Association executed an Asset Purchase Agreement with SCOCA whereas the Association purchased substantially all of SCOCA's assets, except items specifically excluded in Section 1.2 of the Asset Purchase Agreement. As consideration for the sale, conveyance, and transfer of the purchased assets, the Association assumed the liabilities of SCOCA, as detailed in Exhibit 2.1 of the Asset Purchase Agreement. As of November 3, 2017, the balance that remained in SCOCA's bank account is to be utilized to address the liabilities that SCOCA retained per Section 2.1 of the Asset Purchase Agreement.

On June 18, 2018, TDA renewed the Master Service Agreement with the Association for fiscal year 2019.

On July 1, 2018, the Association's Board of Directors entered into a settlement agreement with TDA in the amount of \$5,555,532, as indicated in Note 8.

On November 27, 2018, the Marion County Commissioners entered into a purchase agreement with the Association for the Association's office building at 100 Executive Drive for \$1,200,000.



**Metropolitan Educational Technology Association**

Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances - Regulatory Cash Basis  
Enterprise and Agency Funds  
For the Fiscal Year Ended June 30, 2015

	Enterprise	Agency	Totals (Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 21,681,682	\$ -	\$ 21,681,682
Member Premiums	8,766	1,531,450	1,540,216
Miscellaneous	8,818	-	8,818
Total Operating Cash Receipts	<u>21,699,266</u>	<u>1,531,450</u>	<u>23,230,716</u>
<b>Operating Cash Disbursements</b>			
Salaries	11,479,459	-	11,479,459
Employee Fringe Benefits	3,997,751	-	3,997,751
Purchased Services	6,380,985	1,611,854	7,992,839
Supplies and Materials	1,692,183	-	1,692,183
Miscellaneous	385,014	-	385,014
Total Operating Cash Disbursements	<u>23,935,392</u>	<u>1,611,854</u>	<u>25,547,246</u>
Operating Loss	(2,236,126)	(80,404)	(2,316,530)
<b>Non-Operating Cash Receipts (Disbursements)</b>			
Intergovernmental	1,465,138	-	1,465,138
Earnings on Investments	8,897	-	8,897
Proceeds of Debt	549,738	-	549,738
Capital Outlay	(1,200,408)	-	(1,200,408)
Debt Service:			
Principal Retirement	(320,170)	-	(320,170)
Interest and Fiscal Charges	(8,867)	-	(8,867)
Other Financing Sources	180	-	180
Total Non-Operating Cash Receipts (Disbursements)	<u>494,508</u>	<u>-</u>	<u>494,508</u>
Income (Loss) before Special Item	(1,741,618)	(80,404)	(1,822,022)
Special Item - Transfer of Assets	<u>6,362,339</u>	<u>1,155,756</u>	<u>7,518,095</u>
Net Change in Fund Cash Balance	4,620,721	1,075,352	5,696,073
Cash Balances, July 1, 2014, Restated	<u>2,558,054</u>	<u>-</u>	<u>2,558,054</u>
Cash Balances June 30, 2015	<u>\$ 7,178,775</u>	<u>\$ 1,075,352</u>	<u>\$ 8,254,127</u>

See accompanying notes to the financial statements.

## Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2015*

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Description of the Entity

The Metropolitan Educational Technology Association (formerly Tri-Rivers Educational Computer Association) or META, (the Association) is a Regional Council of Governments pursuant to Chapter 167 of the Ohio Rev. Code. The Association provides computer systems for the needs of the member Boards of Education as authorized by state statute guidelines. The Association serves hundreds of schools throughout Ohio. The Association was formed on April 1, 2015 through the merger of Tri-Rivers Educational Computer Association (TRECA) and the Metropolitan Educational Council (MEC). The Association operates under a Board of Directors consisting of eight members, four elected from MEC, and four elected from TRECA.

#### *COMPONENT UNIT*

Component units are legally separate organizations for which the Association is financially accountable. The Association is financially accountable for an organization if the Association appoints a voting majority of the organization's governing board and (1) the Association is able to significantly influence the programs or services performed or provided by the organization; or (2) the Association is legally entitled to or can otherwise access the organization's resources; the Association is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Association is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Association in that the Association approves the budget or issues debt.

TRECA Digital Academy (TDA) is a component unit of the Association as a result of the Association's governing board appointing TDA's Board of Directors, and the Association is able to impose its will on TDA. TDA is a legally separate, governmental entity. TDA provides education opportunities through distance learning technologies. The financial statements of TDA are not included in the Association's financial statement. Separately issued financial statements for TDA can be obtained from Jessica Wake, Treasurer, 100 Executive Drive, Marion, Ohio, 43302.

#### *JOINTLY GOVERNED ORGANIZATION*

The Association participates in the Ohio Collaborative Services Consortium (OCSC), which is a council of governments. The OCSC currently operates under a Board of Directors consisting of seven members, three representatives selected and appointed by each member and the seventh selected through mutual agreement. The two members are META and the ESC of Central Ohio. Until May 26, 2015, NBEC/NWOCA was also a member, which resulted in a nine member Board, three representatives from each member. The consortium was formed with the purpose of providing the efficient and economic provisions of products and services that effectively allow for the development and support of its primary market, being k-12 public education, as well as other clientele and including but not limited to secondary and pre-kindergarten education, private education, and municipal, social service, judicial and other public and community service organizations. Financial Information can be obtained from Treasurer David Varda, 100 Executive Drive, Marion, Ohio 43302.

The Association's management believes this financial statement presents all activities for which the Association is financially accountable.

# Metropolitan Educational Technology Association

Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Accounting Basis

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Association recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

### C. Fund Accounting

The Association uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Association are presented below:

**Enterprise Funds** account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Association's operations are presented in a single enterprise fund.

**Agency Funds** are purely custodial in nature and are used to hold resources for individuals, organization or other governments. The Association disburses these funds as directed by the individual, organization or other government. The Association's had the following Agency Funds:

Self-Help Gas Program – This fund receives monies for utility services provided by Constellation NewEnergy Gas Energy USA. Collections are then remitted to Constellation NewEnergy USA on a monthly basis.

Employee Benefits Insurance – This fund receives monies for insurance premiums by various participating members. Collections are then remitted to the appropriate provider on a monthly basis.

### D. Basis of Accounting

This financial statement follows 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 Association recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes 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.

### E. Budgetary Process

The Association is not subject to budgetary laws prescribed by the Ohio Revised Code.

**Metropolitan Educational Technology Association**

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2015*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

F. 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 are recorded at share values the mutual funds report.

G. Capital Assets

The Association records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for vacation and sick benefits that are recorded when cash is disbursed. A liability for any unused benefits is not recorded on the Association's regulatory cash basis financial statement.

I. Operating Cash Receipts and Cash Disbursements

Operating cash receipts are those cash receipts that are generated directly from the primary activity of the Association. These cash receipts are charges for services provided. Operating cash disbursements are necessary costs incurred to provide the goods and/or services that are the primary activity of the fund. For the Association, these disbursements are for personal services, fringe benefits, purchased services, and any other operating related disbursements which support the operation of the Association. All cash receipts and cash disbursements not meeting this definition are reported as non-operating.

**2. 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, 2015 was as follows:

Demand deposits	<u>\$5,443,641</u>
Total deposits	<u>5,443,641</u>
Money market mutual funds	<u>2,810,486</u>
Total investments	<u>2,810,486</u>
Total deposits and investments	<u>8,254,127</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 money market mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Metropolitan Educational Technology Association**

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2015*

**3. RISK MANAGEMENT**

Commercial Insurance

The Association has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions
- Vehicle

Settled claims have not exceeded commercial insurance coverage in any of the past three years. There has been no significant reduction in insurance coverage in fiscal year 2015 from fiscal year 2014.

Workers' Compensation coverage is provided by the State of Ohio. The Association pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material). In addition, the Association provides health insurance to full time employees through private carriers.

**4. DEFINED BENEFIT PENSION PLANS**

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - Association non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

## Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2015*

### 4. DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Association is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

Pension payments to SERS during the fiscal year totaled \$1,485,573.

#### ***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - Association licensed teachers and other certified faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

## Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2015*

### 4. DEFINED BENEFIT PENSION PLANS (continued)

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The Association was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

Pension payments to STRS during the fiscal year totaled \$1,323,653.

### 5. POSTEMPLOYMENT BENEFITS

#### ***School Employees Retirement System***

Health Care Plan Description - The Association contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

**Metropolitan Educational Technology Association**

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2015*

**5. POSTEMPLOYMENT BENEFITS (continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

**State Teachers Retirement System of Ohio**

Plan Description – The Association participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care.

**6. DEBT**

Debt outstanding at June 30, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fahey Bank Commercial Line of Credit	\$406,579	3.5%

The line of credit was obtained to cover the purchase of new computer equipment to upgrade the Association's systems, which is expected to be a five-year project that began in fiscal year 2013. The META building serves as collateral for this \$550,000 line of credit. It replaced the \$350,000 line of credit the Association obtained during fiscal year 2013, which expired on December 2, 2013. The line of credit will be renewed annually for the life of the project.

**7. CONTINGENT LIABILITIES**

Grants

Amounts grantor agencies pay to the Association are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Litigation

The Association is currently not a party to any material legal proceedings.



## **Metropolitan Educational Technology Association**

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2015*

### **8. SPECIAL ITEM – TRANSFER OF ASSETS**

On April 1, 2015, the Association was formed through the merger of Tri-Rivers Educational Computer Association (TRECA) and the Metropolitan Educational Council (MEC). This merger was facilitated through an agreement to better control costs and strengthen Ohio's largest and most comprehensive educational solutions provider. The result will maximize savings for member districts by providing continuous service, broadening portfolio offerings, and leveraging increased buying power. The merger resulted in a \$7,518,095 increase in cash balance.

### **9. RELATED PARTY TRANSACTIONS**

#### **TRECA Digital Academy**

The TRECA Digital Academy (TDA) is a component unit of the Association. On February 24, 2004, the Association and TDA entered into a Comprehensive Services Agreement, which was revised on August 24, 2010, effective until June 30, 2015. Pursuant to this agreement, the parties established, in part, the following terms:

- The Association shall provide TDA with instructional, supervisory/administrative, and technical services sufficient to substantially implement, in cooperation with TDA, TDA's obligations pursuant to the Community School Contract (but not including those functions, such as governance, which TDA is exclusively capable of performing).
- All personnel providing services in fulfillment of the Association's responsibilities shall be employees or contractors of the Association and the Association shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to its employees.
- The technical services provided by the Association to TDA shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the Plan of Operation. All equipment shall remain the property of the Association, but not limited to computer hardware and software equipment.
- In exchange for the services and support (including equipment) provided by the Association, TDA shall pay to the Association the following fees:
  - Annual Fee – If and at such times as agreed to by the parties, TDA shall pay an annual fee to the Association for curriculum and program development, teacher training, and marketing services associated with TDA in an amount agreed by the parties.
  - Ongoing Fees – On an ongoing basis, TDA shall pay to the Association 100% of the funding received by TDA from the Ohio Department of Education pursuant to section 3314.08 of the Ohio Revised Code. These fees shall be paid according to a schedule agreed to by the parties, but not less than four times per fiscal year. The parties acknowledge that \$3,900 per student of the payments are made in furtherance of and meet the requirements for pupil instruction as required by the Ohio Revised Code, including but not limited to Revised Code Section 3317.012 and that the remaining funds are for the Association's provision of computers, technical support, administrative services and other goods and services.

## Metropolitan Educational Technology Association

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2015*

### 9. RELATED PARTY TRANSACTIONS (continued)

- o Other Payments – As permitted by law, TDA shall additionally pay to the Association funds received by TDA from grants or other sources for services provided by the Association, provided the Association's provisions of such services is consistent with the terms of, and fulfill TDA's obligations pursuant to, such grants or other funding. The parties acknowledge that grants or other funding may have certain restrictions on the expenditures of funds, and the Association agrees to expend any such funding in accordance with the requirements of the specific grant or other funding. In the event that TDA receives grants or other funding not related to the services required herein, the parties shall negotiate in good faith for the Association's performance of all or a portion of TDA's obligations pursuant to such funding in exchange for TDA's payment of all or a proportionate amount of such funding.

During fiscal year 2015, TDA paid the Association \$13,345,963 of base formula funds and \$1,504,589 of additional funds.

### 10. SUBSEQUENT EVENTS

On January 1, 2016, the Association merged operations with the Southeastern Ohio Voluntary Education Cooperative, Athens County (SEOVEC), the South Central Ohio Computer Association, Piketon County (SCOCA) and on April 1, 2016, with the Metropolitan Dayton Educational Cooperative Association (MDECA), with the Association continuing as the surviving entity, to better control costs and strengthen Ohio's largest and most comprehensive educational solutions provider. With the execution of the Merger Agreement, all SEOVEC, SCOCA, and MDECA employees became employees of the Association.

On April 25, 2016, the Association executed a Subcontract Agreement with SCOCA that replaced the Merger Agreement executed on January 1, 2016. In accordance with the Subcontract Agreement, the merger with SCOCA was postponed until all of SCOCA's pre-Merger Agreement debts, obligations, and liabilities are fully satisfied, and the Association agreed to perform all work and do all things necessary to perform the information technology services on behalf of SCOCA to SCOCA's member districts. Based on this Subcontract Agreement, all receipts from SCOCA for services provided to SCOCA's member districts is reported as Charges for Services – SCOCA on the Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances.

On October 31, 2017, the Association executed an Asset Purchase Agreement with SCOCA, whereas the Association purchased substantially all of SCOCA's assets, except items specifically excluded in Section 1.2 of the Asset Purchase Agreement. As consideration for the sale, conveyance, and transfer of the purchased assets, the Association assumed the liabilities of SCOCA, as detailed in Exhibit 2.1 of the Asset Purchase Agreement. As of November 3, 2017, the balance that remained in SCOCA's bank account is to be utilized to address the liabilities that SCOCA retained per Section 2.1 of the Asset Purchase Agreement.

On September 26, 2016, the Association borrowed \$1,264,111 from The Fahey Banking Company to cover the cost of computer equipment. The loan matures on October 1, 2021 and carries an interest rate of 3.50%.

During fiscal year 2016, the Association had line of credit draws totaling \$423,000 to cover certain lease payments for computer equipment and the cost to purchase new vehicles and made principal and interest payments totaling \$547,659 and \$7,911, respectively.

On September 1, 2016, TDA renewed the Master Service Agreement with the Association for fiscal year 2017.

**Metropolitan Educational Technology Association**

*Notes to the Financial Statement  
For the Fiscal Year Ended June 30, 2015*

**10. SUBSEQUENT EVENTS (continued)**

On August 11, 2017, TDA renewed the Master Service Agreement with the Association for fiscal year 2018.

On June 18, 2018, TDA renewed the Master Service Agreement with the Association for fiscal year 2019.

On November 27, 2018, the Marion County Commissioners entered into a purchase agreement with the Association for the Association's office building at 100 Executive Drive for \$1,200,000.

**11. RESTATEMENT OF FUND BALANCES**

For fiscal year 2015, the Association is reporting its operations as an enterprise fund to more appropriately reflect the nature of the Association's operations. In prior fiscal years, this activity had been reported in General and Special Revenue funds. The restatement had the following effect on fund balances as previously reported at June 30, 2014:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Enterprise Fund</b>
Fund Balances, June 30, 2014	\$2,556,879	\$ 1,175	\$ -
General Fund	(2,556,879)	-	-
Special Revenue Fund	-	(1,175)	-
Enterprise Fund	-	-	2,558,054
Restated Fund Balances, July 1, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,558,054</u>

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# 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*

Metropolitan Educational Technology Association  
Marion County  
100 Executive Drive  
Marion, Ohio 43302

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 Metropolitan Educational Technology Association, Marion County, Ohio, (the Association) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated December 19, 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. We additionally noted Tri-Rivers Educational Computer Association merged with Metropolitan Educational Council to become Metropolitan Educational Technology Association on April 1, 2015. The Association merged with the Southeastern Ohio Voluntary Education Cooperative on January 1, 2016 and merged with the Metropolitan Dayton Educational Cooperative Association on April 1, 2016. In addition, the July 1, 2014 beginning fund balances have been restated due to the Association changing its financial statement presentation from governmental fund reporting to enterprise fund reporting. Additionally, the Association entered into a settlement agreement on July 1, 2018 to pay TRECA Digital Academy \$5,555,532.

### ***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 opinions 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.

***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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-002.

***Association's Response to Findings***

The Association's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Association's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 19, 2018

**METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Financial Reporting  
Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Association does not have internal controls in place to ensure receipts and disbursements are properly classified on the financial statements.

Adjustments were made to the June 30, 2016 financial statements to:

- Properly classify \$14,430,539 in Charges for Services-Members misclassified as Intergovernmental Receipts in the Enterprise fund.
- Properly classify \$200,000 in Intergovernmental receipts misclassified as Charges for Services-Members in the Enterprise fund.
- Properly classify \$533,994 in Claims misclassified as Purchased Services in the Enterprise fund.
- Properly classify \$3,582,382 in Member Premiums misclassified as Charges for Services-Members in the Agency fund.
- Properly classify \$1,631,499 in Charges for Services-SCOCA misclassified as Charges for Services-Members (\$1,511,988) and as Intergovernmental receipts (\$119,511) in the Enterprise fund.

In addition to the adjustments listed above, we also identified additional misstatements in 2015 ranging from \$76,667 to \$106,327 that we have brought to the Association's attention.

Lastly, adjustments were made to the 2016 notes to the financial statements to include the cash balance and actuarial liability regarding the dental insurance consortium in Note 3.B, to remove disclosures related to the discontinued MEC Liability, Fleet, and Property Insurance Program, and to update the future minimum annual lease payment table in Note 7.

When financial transactions are not properly recorded, inaccurate financial reports could be disseminated to the governing board and management as well as financial statement readers.

We recommend the Association implement internal control procedures over financial reporting to help ensure the completeness and accuracy of financial information reported within the Association's financial report. The adjustments identified during the audit should be reviewed by the Treasurer to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Board of Directors should review the financial statements and note disclosures to identify and correct errors and omissions.

**Officials' Response**

Management accepts the finding of the Auditor of State and is committed to correcting the issues identified in future fiscal years.

**METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</b>
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**FINDING NUMBER 2016-002**

**Annual Report  
Material Weakness/Noncompliance**

**Ohio Rev. Code § 117.38** provides that each public office, other than a state agency, shall file a financial report for each fiscal year. The report shall be certified by the proper officer or board and filed with the Auditor of State within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

**Section 1.03 of the Merger Agreement between Metropolitan Education Council (MEC) and Tri-Rivers Educational Computer Association (TRECA)** states that this agreement shall be deemed fully implemented upon the later of the Effective Time or the date upon which (i) META has legally assumed, and is operationally capable of performing, all obligations and functions otherwise required of MEC as a separate entity; and (ii) MEC has fully and finally transferred to META all rights and property of MEC. At such time, MEC shall have no further independent purpose and shall dissolve as provided in MEC's constitution. The language found in Section 1.03 of the Merger Agreement between the Association and Southeastern Ohio Voluntary Educational Cooperative (SEOVEC) effective January 1, 2016 and the Merger Agreement between the Association and the Metropolitan Dayton Educational Cooperative Association (MDECA) effective April 1, 2016 is similar to Section 1.03 in the MEC and TRECA merger agreement.

Also on January 1, 2016, the Association entered into a merger agreement with the South Central Ohio Computer Association (SCOCA). On April 25, 2016, the Association entered into a Subcontract Agreement with SCOCA that replaced the January 1, 2016 merger agreement and the proposed merger was postponed until pre-merger agreement debts, obligations, and liabilities were fully satisfied.

The Auditor of State Office provided nonaudit services and prepared the June 30, 2015 financial statements and note disclosures. The Association filed those financial statements on March 29, 2016, which was not within the required sixty days after year end. The following deficiencies in the Association's accounting records delayed the preparation of financial statements:

- The Association's year ending June 30, 2015 accounting records did not properly include the MEC related financial transactions for the period of April 1, 2015 through June 30, 2015.
- Two bank accounts acquired in the merger of TRECA and MEC were not included in the Association's June 30, 2015 bank reconciliation.
- One bank account acquired in the merger of TRECA and MEC was not transferred into the Association's name as of June 30, 2015.

The Association initially filed its June 30, 2016 financial statements on January 11, 2018 after entering into a contract with an accounting firm to compile the financial statements to account for all META financial activity including the mergers noted in the paragraphs above. SCOCA was reported as being merged with META, when in fact the merger agreement was replaced by a subcontract agreement. Therefore, the financial statements were not accurately presented and had to be updated by the accounting firm. The updated June 30, 2016 financial statements were filed on August 16, 2018. In addition, the following deficiencies were noted related to the June 30, 2016 financial records of the Association.



**METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2016 AND 2015  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)**

**FINDING NUMBER 2016-002 (continued)**

**Annual Report**

**Material Weakness/Noncompliance (continued)**

- Three bank accounts acquired in the merger of the Association and SEOVEC were not included in the META's June 30, 2016 bank reconciliation.
- One bank account acquired in the merger of TRECA and MEC was not included in the Association's June 30, 2016 bank reconciliation.
- Audit procedures included reviewing all bank accounts of the Association in comparison to the June 30, 2016 total cash fund balance. There was an unreconciled difference of \$1,456 at June 30, 2016.

Failure to maintain a centralized accounting system to track all financial activity of the Association when changes in the reporting entity occur (mergers, subcontracts with other entities, etc.) that can be reconciled to bank activity on a monthly basis can lead to errors, irregularities or misappropriation of the Association's assets and misstated financial statements.

We recommend that the Association ensure that all financial activity related to the organization is accounted for in a centralized accounting system and reconciled monthly to all bank accounts of the Association. This will lead to accurately presented annual financial statements that can be filed with the Auditor of State within sixty days of year end.

**Officials' Response**

Management accepts the finding of the Auditor of State and is committed to correcting the issues identified in future fiscal years.

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