



Mary Taylor, CPA
Auditor of State

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – Enterprise Fund For the Year Ended June 30, 2009.....	5
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – Special Revenue Fund For the Year Ended June 30, 2008.....	6
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – Enterprise Fund For the Year Ended June 30, 2008.....	7
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

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Mary Taylor, CPA

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 government 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 13, 2010

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Mary Taylor, CPA

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, 2009 and 2008. 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.

Instead of the combined funds the accompanying financial statements present, 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, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Association as of June 30, 2009 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Miami Valley Educational Computer Association, Greene County, as of June 30, 2009 and 2008, and its combined 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 January 13, 2010, 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 13, 2010

**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, 2009**

Operating Cash Receipts:	
Charges for Services	\$1,856,182
Miscellaneous	2,069
Total Operating Cash Receipts	<u>1,858,251</u>
Operating Cash Disbursements:	
Personal Services	1,085,478
Contractual Services	993,596
Supplies and Materials	38,463
Capital Outlay	83,538
Other	25,884
Total Operating Cash Disbursements	<u>2,226,959</u>
Operating Receipts Over/(Under) Operating Disbursements	<u>(368,708)</u>
Non-Operating Cash Receipts:	
Earnings on Investments	8,598
Intergovernmental Receipts	342,943
Total Non-Operating Cash Receipts	<u>351,541</u>
Net Receipts (Under) Disbursements	(17,167)
Fund Cash Balance, July 1	<u>749,027</u>
Fund Cash Balance, June 30	<u><u>\$731,860</u></u>
Reserve for Encumbrances, June 30	<u><u>\$15,065</u></u>

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

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGE IN FUND CASH BALANCE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2008**

Cash Receipts:

Intergovernmental	\$37,904
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Cash Disbursements:

Personal Services	18,500
Supplies and Materials	19,611
Capital Outlay	<u>59,793</u>
Total Cash Disbursements:	97,904

Total Receipts (Under) Disbursements	(60,000)
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Fund Cash Balance, July 1	<u>60,000</u>
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Fund Cash Balance, June 30	<u><u>\$0</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, 2008**

Operating Cash Receipts:	
Charges for Services	\$1,919,282
Miscellaneous	27,833
Total Operating Cash Receipts	<u>1,947,115</u>
Operating Cash Disbursements:	
Personal Services	1,067,144
Contractual Services	1,019,462
Supplies and Materials	31,361
Capital Outlay	94,775
Other	29,848
Total Operating Cash Disbursements	<u>2,242,590</u>
Operating Receipts Over/(Under) Operating Disbursements	<u>(295,475)</u>
Non-Operating Cash Receipts:	
Earnings on Investments	30,281
Intergovernmental Receipts	371,131
Total Non-Operating Cash Receipts	<u>401,412</u>
Net Receipts Over Disbursements	105,937
Fund Cash Balance, July 1	<u>643,090</u>
Fund Cash Balance, June 30	<u><u>\$749,027</u></u>
Reserve for Encumbrances, June 30	<u><u>\$10,448</u></u>

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

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**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008
(Continued)**

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 3301.075 for fiscal year 2006. Since July 1, 2006, it is reorganized into a Regional Council of Government under Ohio Revised Code Chapter 167. During both 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-four 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. Cash 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 reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Accounting

The Association uses fund accounting to segregate cash and investments that are restricted as to use. The Association classifies its activity into the following fund types:

Special Revenue – In fiscal year 2008, this fund accounts for revenue and expenditure activity associated with the Data Driven Decisions for Academic Achievement program (D3A2).

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 CASH AND INVESTMENTS

The Association maintains a cash 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>2009</u>	<u>2008</u>
Demand deposits	\$596,413	\$620,352
Total deposits	<u>596,413</u>	<u>620,352</u>
STAR Ohio	135,447	128,675
Total investments	<u>135,447</u>	<u>128,675</u>
Total deposits and investments	<u>\$731,860</u>	<u>\$749,027</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 and mutual funds 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, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise	\$2,159,870	\$2,209,792	\$49,922
	<u>\$2,159,870</u>	<u>\$2,209,792</u>	<u>\$49,922</u>

2009 Budgeted vs. Actual Budgetary Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Enterprise	\$2,398,893	\$2,242,024	\$156,869
	<u>\$2,398,893</u>	<u>\$2,242,024</u>	<u>\$156,869</u>

2008 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Special Revenue	\$ 37,904	\$ 37,904	
Enterprise	2,317,648	2,348,527	\$30,879
	<u>\$2,355,552</u>	<u>\$2,386,431</u>	<u>\$30,879</u>

2008 Budgeted vs. Actual Budgetary Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Special Revenue	\$ 97,904	\$ 97,904	
Enterprise	2,365,331	2,253,038	\$112,293
	<u>\$2,463,235</u>	<u>\$2,350,942</u>	<u>\$112,293</u>

4. CAPITAL LEASE

The Association entered into capital lease with Varilease Technology Finance Group, Inc. on March 1, 2008 for the purchases of computer storage and networking equipment. The lease period is for three years and includes semi-annual payments of \$31,488.59 beginning on March 1, 2008 for a total purchase price of \$188,932. The Association selected the bargain purchase option allowing them to purchase the equipment at the end of the lease for one dollar.

The following is a schedule of future minimum lease payments required under the capital lease as of June 30, 2009.

<u>Fiscal Year</u>	<u>Total Payments</u>
2010	\$62,977
2011	31,489
Total	<u>\$94,466</u>

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.

5. RETIREMENT SYSTEM (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, 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 and Director of Operation's SERS. The Association has paid all contributions required through June 30, 2009.

6. RISK MANAGEMENT

During fiscal year 2009 and 2008, 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 2009 and 2008, the Association obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

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, 2009 and 2008, and have issued our report thereon dated January 13, 2010, 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Association's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Association's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Association's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 noted a certain matter that we reported to the Association's management in a separate letter dated January 13, 2010.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 13, 2010



Mary Taylor, CPA
Auditor of State

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 9, 2010**