



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

Tri-Rivers Educational Computer Association
Marion County
2222 Marion-Mt. Gilead Rd.
Marion, Ohio 43302

To the Board of Directors:

We have audited the accompanying financial statements of the Tri-Rivers Educational Computer Association, Marion County, Ohio, (the Association) as of and for the year ended June 30, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Tri-Rivers Educational Computer Association, Marion County, Ohio, as of June 30, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

As described in note 5, effective in 2001, the Association reclassified certain transactions from the general fund to special revenue funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2001, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

JIM PETRO
Auditor of State

September 24, 2001

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Fees	\$2,528,746	\$0	\$2,528,746
Intergovernmental	1,243,315	878,695	2,122,010
Earnings on Investments	3,998	0	3,998
Miscellaneous	3,813	588	4,401
Total Cash Receipts	3,779,872	879,283	4,659,155
Cash Disbursements:			
Salaries	2,325,071	210,861	2,535,932
Employee Benefits	842,353	0	842,353
Purchased Services	584,507	535,269	1,119,776
Supplies and Materials	56,245	35,206	91,451
Debt Service	128,335	0	128,335
Capital Outlay	28,351	124,404	152,755
Miscellaneous	20,234	141	20,375
Total Cash Disbursements	3,985,096	905,881	4,890,977
Total Cash Receipts Over/(Under) Cash Disbursements	(205,224)	(26,598)	(231,822)
Other Financing Receipts/(Disbursements):			
Advances-In	212,887	42,200	255,087
Advances-Out	(41,840)	(213,247)	(255,087)
Total Other Financing Receipts/(Disbursements)	171,047	(171,047)	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(34,177)	(197,645)	(231,822)
Fund Cash Balances, July 1, 2000 (restated)	73,092	221,764	294,856
Fund Cash Balances, June 30	\$38,915	\$24,119	\$63,034

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

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Tri-Rivers Educational Computer Association, (the Association) is a Regional Council of Governments pursuant to Chapter 167 of the Ohio Rev. Code. The Association operates under a Board of Directors consisting of eight members representing the six counties in which The Association provides services. Each county annually appoints a superintendent from one of the school districts in the county to sit on the board.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

During fiscal year 2001, investments were limited to repurchase agreements. The repurchase agreements are reported at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Association had the following significant Special Revenue Funds:

E-Rate Fund - This fund receives federal money for the purpose of paying for telecommunication services.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Title I Fund - This fund receives federal money for the purpose of providing services to the Ohio Department of Education.

E. Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Association.

G. Fees

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

2. RETIREMENT SYSTEM

The Association's employees belong to the School Employees Retirement System (SERS) of Ohio. SERS is a cost-sharing, multiple-employer defined benefit plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, members of SERS contributed 9% of their gross salaries. The Association contributed an amount equal to 14% of participants' gross salaries. The Association has paid all contributions required through June 30, 2001.

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Association maintains a cash and investments pool used by all funds. The Association has elected to follow the Ohio Revised Code guidelines that prescribe allowable deposits and investments. The carrying amount of cash and investments at June 30 was as follows:

	<u>2001</u>
Demand deposits	<u>\$7,034</u>
Repurchase Agreement	<u>56,000</u>
Total deposits and investments	<u><u>\$63,034</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

Investments: The Association's agent holds securities collateralizing repurchase agreements. The securities are not in the Association's name.

4. RISK MANAGEMENT

The Association has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

The Association also provides health insurance and dental and vision coverage to full-time employees through Tri-Rivers Joint Vocational School.

5. FUND RECLASSIFICATION AND CORRECTION OF AN ERROR

Fund reclassifications are required to account for proceeds from specific sources that are restricted to expenditures for specific purposes. These funds should be reported as special revenue funds. Also, \$17,759 was omitted from the prior year's financial statements. The effect of this reclassification and correction of an error on beginning fund cash balances reported as of July 1, 2000 is as follows:

	General Fund	Special Revenue Funds
Cash fund balance as previously reported	\$277,097	\$0
Fund reclassification	(\$204,005)	\$204,005
Correction of an error	\$0	\$17,759
Restated cash fund balance at July 1, 2000	\$73,092	\$221,764

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	CFDA #	Pass Through Entity Number	Receipts	Disbursements
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through the Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	065268 C1-AF 2001	\$329,775	\$188,415
Goals 2000 State and Local Education Systematic Improvement	84.276	065268 G2-SP 2000	-	21,354
<i>Passed Through Chugach Local School District (Alaska)</i>				
Alliance and Technology Innovation Challenge Grant	84.303	N/A	<u>191,082</u>	<u>191,082</u>
Total FEDERAL AWARDS			<u><u>\$520,857</u></u>	<u><u>\$400,851</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

**NOTE B - PASS THROUGH ENTITY NUMBER; ALLIANCE AND TECHNOLOGY INNOVATION
CHALLENGE GRANT**

This grant does not have or require a pass through entity number.

NOTE C - TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES

Of the \$329,775 received in Title I Grants to Local Educational Agencies, \$113,000 of this represents a receipt for the sale of a software package to the Ohio Department of Education. The Association, therefore, will not have federal expenditures associated with these funds.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Board of Directors:

We have audited the financial statements of the Tri-Rivers Educational Computer Association, Marion County, Ohio, (the Association) as of and for the year ended June 30, 2001, and have issued our report thereon dated September 24, 2001, wherein we noted that the Association reclassified certain transactions from the general fund to special revenue funds. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Association in a separate letter dated September 24, 2001.

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

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

JIM PETRO
Auditor of State

September 24, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Tri-Rivers Educational Computer Association
Marion County
2222 Marion-Mt. Gilead Rd.
Marion, Ohio 43302

To the Board of Directors:

Compliance

We have audited the compliance of the Tri-Rivers Educational Computer Association, Marion County, Ohio, (the Association) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Association's management. Our responsibility is to express an opinion on the Association's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Association's compliance with those requirements. In our opinion, the Association complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

JIM PETRO
Auditor of State

September 24, 2001

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA 84.010: Title I Grants to Local Educational Agencies CFDA 84.276: Goals 2000 State and Local Education Systematic Improvement
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION
MARION COUNTY
JUNE 30, 2001**

**SCHEDULE OF PRIOR AUDIT FINDINGS
*OMB CIRCULAR A -133 § .315 (b)***

<u>Finding Number</u>	<u>Finding Summary</u>	Fully <u>Corrected</u> ?
2000-10651-001 1999-10651-003	The Director or Assistant Director did not approve all requisitions for expenditures for the Technology Innovation Challenge Grant.	Yes
2000-10651-002 1999-10651-004	The Association included encumbrances, which had not yet been expended at the time of request, in the amounts requested for reimbursement for the Technology Innovation Challenge Grant.	Yes



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TRI RIVERS EDUCATIONAL COMPUTER ASSOCIATION

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2001**