



**Auditor of State
Betty Montgomery**

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

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**Auditor of State
Betty Montgomery**

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 the Miami Valley Educational Computer Association, Greene County, Ohio, (the Association) as of and for the years ended June 30, 2003 and 2002. 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 discussed in 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 fund cash balances and reserve for encumbrances of the Miami Valley Educational Computer Association, Greene County, as of June 30, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2003, 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 audit standards and should be read in conjunction with this report in considering the results of our audit.

Miami Valley Educational Computer Association
Greene County
Independent Accountant's Report
Page 2

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

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

Betty Montgomery
Auditor of State

September 24, 2003

**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, 2003**

Operating Cash Receipts:	
Charges for Services	\$925,015
Operating Cash Disbursements:	
Personal Services	674,529
Contractual Services	986,803
Supplies and Materials	25,394
Capital Outlay	64,368
Other	<u>16,503</u>
Total Operating Cash Disbursements	<u>1,767,597</u>
Operating Receipts (Under)	
Operating Disbursements	<u>(842,582)</u>
Non-Operating Cash Receipts:	
Earnings on Investments	15,161
Intergovernmental Receipts	<u>698,842</u>
Total Non-Operating Cash Receipts	714,003
Non-Operating Cash Disbursements:	
Refund of Prior Year Receipts	<u>56,000</u>
Net Receipts (Under) Disbursements	(184,579)
Fund Cash Balance, July 1	<u>1,055,655</u>
Fund Cash Balance, June 30	<u><u>\$871,076</u></u>
Reserve for Encumbrances, June 30	<u><u>\$45,683</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
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2002**

Operating Cash Receipts:	
Charges for Services	\$1,116,255
Miscellaneous	<u>19,139</u>
Total Operating Cash Receipts	<u>1,135,394</u>
Operating Cash Disbursements:	
Personal Services	617,895
Contractual Services	1,010,087
Supplies and Materials	46,423
Capital Outlay	110,530
Other	<u>28,024</u>
Total Operating Cash Disbursements	<u>1,812,959</u>
Operating Receipts (Under) Operating Disbursements	<u>(677,565)</u>
Non-Operating Cash Receipts:	
Earnings on Investments	16,015
Intergovernmental Receipts	<u>1,070,895</u>
Total Non-Operating Cash Receipts	<u>1,086,910</u>
Net Receipts Over Disbursements	409,345
Fund Cash Balance, July 1	<u>646,310</u>
Fund Cash Balance, June 30	<u><u>\$1,055,655</u></u>
Reserve for Encumbrances, June 30	<u><u>\$78,646</u></u>

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

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Miami Valley Educational Computer Association (the "Association") is organized under Ohio Rev. Code Section 3313.92. The Association operates under a Board of Directors consisting of seven members elected from a general assembly for three year terms, and the superintendent from the fiscal agent school district for a perpetual term.

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, and Clinton 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 cash is held and invested by the Greene County Vocational School District (the District), who acts as custodian for Association monies. The Association's assets are held in the District's cash and investment pool.

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 2. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 2.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Accounting

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

Enterprise Fund - This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Association's primary sources of revenue are user charges and grants from the State of Ohio.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$2,068,714	\$1,639,018	(\$429,696)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$2,068,714	\$1,869,280	\$199,434

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2002
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$1,711,974	\$2,222,304	\$510,330

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$1,867,386	\$1,891,605	(\$24,219)

3. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, 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, 2003.

4. RISK MANAGEMENT

The District has obtained commercial insurance, which includes coverage for the Association, for the following risks:

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

The District also provides health insurance and dental and vision coverage to full-time employees of the Association through a private carrier.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL 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 accompanying financial statements of the Miami Valley Educational Computer Association, Greene County (the Association) as of and for the years ended June 30, 2003 and 2002, and have issued our report thereon dated September 24, 2003. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001.

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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management in a separate letter dated September 24, 2003.

Miami Valley Educational Computer Association
Greene County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management and Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

September 24, 2003

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION
GREENE COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Finding For Recovery Repaid While Under Audit

Pursuant to the Contract of Employment, Section 3A, effective August 1, 2001, Mr. Thor Sage, technology coordinator, was to be paid an annual salary of \$56,505, prorated for actual days worked, in accordance with the existing payroll procedures of the fiscal agent (Greene County Vocational School District). The prorated pay equaled \$51,723.81, however, the amount paid to Mr. Sage amounted to \$56,505 resulting in an overpayment of \$4,781.19. This additional compensation was not approved by the Governing Board. In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery is hereby issued against Mr. Thor Sage. An agreement between the Association and Mr. Sage has been reached, whereby the overpayment will be repaid over 26 pay periods, beginning on December 12, 2003.



**Auditor of State
Betty Montgomery**

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MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2003**