



**OHIO ASSOCIATION OF COMMUNITY COLLEGES
CLARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2004-2005



**Auditor of State
Betty Montgomery**

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
CLARK COUNTY**

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**Auditor of State
Betty Montgomery**

Ohio Association of Community Colleges
Clark County
41 South High Street, Suite 3625
Columbus, Ohio 43215

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 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 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 black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

December 23, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Ohio Association of Community Colleges
Clark County
41 South High Street, Suite 3625
Columbus, Ohio 43215

To the Board of Trustees:

We have audited the accompanying financial statements of the Ohio Association of Community Colleges, Clark County, (the Association), as of and for the years ended June 30, 2005 and 2004. 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.

Revisions to GAAP would require the Association to reformat its financial statement presentation and make other changes effective for the years ended June 30, 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Association has elected not to reformat its statements. Since this Association does not use GAAP to measure financial statement amounts, 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, 2005 and 2004 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, 2005 and 2004 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Ohio Association of Community Colleges, Clark County, as of June 30, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Association to include Management's Discussion and Analysis for the years ended June 30, 2005 and 2004. The Association has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2005, 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.



Betty Montgomery
Auditor of State

December 23, 2005

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2005**

	Governmental Fund Type General
Cash Receipts:	
Dues	\$360,200
Conference Registration	25,669
Interest on Investments	5,543
All-Ohio Academic Team	35,860
 Total Cash Receipts	 427,272
Cash Disbursements:	
Management Salaries	112,436
Support Staff	60,122
Professional Fees	30,665
Honorarias	800
Retirement Contributions	24,625
Medicare Tax Contributions	2,456
Insurance	19,924
Supplies	4,723
Conferences & Committees	14,749
Personnel Development	227
Travel	3,672
Meals & Catering	20,455
Subscriptions	1,237
Organizational Dues & Fees	2,381
Printing Supplies	8,455
Telephone	4,439
Freight & Postage	3,081
Equipment Maint. Contracts, Maint. & Repair	3,898
Rentals	26,822
Purchased Services	18,557
Equipment	651
Workers Compensation	1,494
Miscellaneous	40,458
 Total Cash Disbursements	 406,327
 Total Cash Receipts Over/(Under) Cash Disbursements	 20,945
 Cash Balance, July 1	 127,802
 Cash Balance, June 30	 \$148,747

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

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Governmental Fund Type General</u>
Cash Receipts:	
Dues	\$344,750
Conference Registration	22,055
Interest on Investments	2,818
All-Ohio Academic Team	38,160
Miscellaneous Revenue	<u>600</u>
 Total Cash Receipts	 <u>408,383</u>
Cash Disbursements:	
Management Salaries	108,160
Support Staff	57,203
Professional Fees	15,727
Honorarias	4,200
Retirement Contributions	23,472
Medicare Tax Contributions	2,351
Insurance	20,698
Supplies	3,910
Conferences & Committees	16,583
Travel	1,840
Meals & Catering	22,136
Subscriptions	5,070
Organizational Dues & Fees	2,077
Printing Supplies	28,573
Telephone	4,665
Freight & Postage	5,101
Equipment Maint. Contracts, Maint. & Repair	10,515
Rentals	25,294
Utilities	3,017
Purchased Services	9,961
Equipment	8,752
Workers Compensation	1,495
Miscellaneous	<u>41,508</u>
 Total Cash Disbursements	 <u>422,308</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 <u>(13,925)</u>
 Cash Balance, July 1	 <u>141,727</u>
 Cash Balance, June 30	 <u><u>\$127,802</u></u>

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

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005 AND JUNE 30, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Ohio Association of Community Colleges (the Association) was established pursuant to Section 167.01, Revised Code, as a regional council of governments consisting of community, state community, and technical colleges. The purpose of the Association is to establish a cooperative working arrangement among the trustees and presidents of the member colleges to assist them in carrying out their official duties and responsibilities in furtherance of the legitimate public purposes of the colleges, as follows:

- To disseminate and exchange information regarding and affecting state-assisted community, state community, and technical colleges in the State of Ohio;
- To promote action for the common good of the colleges of all member colleges;
- To provide and/or promote opportunities for leadership development and the continuing education of the trustees of the member college boards of trustees;
- To promote within Ohio the goals, objectives, and related activities of the Association; and
- To promote public understanding of the role of Ohio's state-assisted community, state community, and technical colleges.

Governing Board

The Association is governed by a Governing Board made up of one trustee designated by each college board of trustees to serve as a delegate and the president of each such college.

The Governing Board consists only of community college districts existing and operating under Ohio Revised Code Chapter 3354, technical college districts existing and operating under Ohio Revised Code Chapter 3357, and/or state community college districts existing and operating under Ohio Revised Code Chapter 3358.

Executive Committee

The Executive Committee acts on behalf of the Association and/or the Governing Board in the interim between meetings of the Board. The Executive Committee is comprised of the officers of the Governing Board, the Legislation Committee Chairperson, the Trustee Education Committee Chair person, one member Trustee, and one member President.

Legislation Committee

The Legislation Committee makes recommendations to the Association's Governing Board on all matters pertaining to the community college advocacy effort at the state and national levels. It is comprised of eight members, four being trustees, and four are presidents.

Trustee Education Committee

The Trustee Education Committee makes recommendations to the Association's Governing Board on all efforts aimed at strengthening and improving community college trusteeship. It is comprised of eight members, four trustees, and four presidents.

The Association's management believes these financial statements present all activities for which the Association is financially accountable.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005 AND JUNE 30, 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources.

E. Fiscal Agent

Clark State Community College became the Association's fiscal agent on July 1, 1996. Association funds are maintained in a separate agency fund at the College.

F. Budgetary Process

The Bylaws of the Association require the Treasurer to prepare an annual budget and present it to the Governing Board for approval.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

G. Property, Plant and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005 AND JUNE 30, 2004
(Continued)**

2. CASH AND INVESTMENTS

The Association invests all of its funds in STAR Ohio. The carrying amount of investments at June 30, were as follows:

	<u>2005</u>	<u>2004</u>
Star Ohio	\$148,747	\$127,802

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$438,750	\$427,272	(\$11,478)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$438,750	\$406,327	\$32,423

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$412,500	\$408,383	(\$4,117)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$420,965	\$422,308	(\$1,343)

4. RETIREMENT SYSTEMS

The Association's employees belong to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Ohio Revised Code Chapter 3309.

The contribution rates are not determined actuarially, but are established by SER's Retirement Board within rates allowed by State. For 2005 and 2004, members of SERS contributed 9% of their wages to SERS. The Association contributed an amount equal to 14% of their wages. The Association has paid all contributions required through June 30, 2005.

**OHIO ASSOCIATION OF COMMUNITY COLLEGES
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005 AND JUNE 30, 2004
(Continued)**

5. RISK MANAGEMENT

Commercial Insurance

The Association has obtained commercial insurance for the following risks:

- Comprehensive property and general liability

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



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Ohio Association of Community Colleges
Clark County
41 South High Street, Suite 3625
Columbus, Ohio 43215

To the Board of Trustees:

We have audited the financial statements of the Ohio Association of Community Colleges, Clark County, (the Association), as of and for the years ended June 30, 2005 and 2004, and have issued our report thereon dated December 23, 2005, 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Association's management dated December 23, 2005, we reported a matter involving internal control over financial reporting we did not deem a reportable condition.

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*. In a separate letter to the Association's management dated December 23, 2005, we reported a matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management and the Governing Board. It is not intended for 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

December 23, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140

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800-282-0370

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OHIO ASSOCIATION OF COMMUNITY COLLEGES

CLARK 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, 2006**