

South Central Ohio Computer Association

Regular Audit

July 1, 2007 through June 30, 2009

Fiscal Years Audited Under GAGAS: 2009 & 2008

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

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# Mary Taylor, CPA

Auditor of State

Governing Board  
South Central Ohio Computer Association  
P.O. Box 577  
Piketon, Ohio 45661

We have reviewed the *Independent Auditor's Report* of the South Central Ohio Computer Association, Pike County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2007 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The South Central Ohio Computer Association is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 8, 2010

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**SOUTH CENTRAL OHIO COMPUTER ASSOCIATION**  
Pike County, Ohio  
July 1, 2007 through June 30, 2009

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board  
South Central Ohio Computer Association  
P.O. Box 577  
Piketon, Ohio 45661

We have audited the accompanying financial statements of the South Central Ohio Computer Association (the Association), as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the South Central Ohio Computer 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 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, 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 accounting principles generally accepted in the United States of America, we presume they are material.

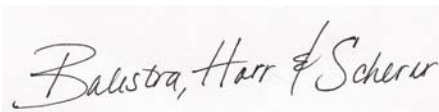
Revisions to GAAP require the Association to reformat its financial statement presentation and make other changes effective for the fiscal years ended June 30, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for fiscal year ended June 30, 2009 and June 30, 2008, the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for each fiscal year. While the Association does not follow GAAP, generally accepted auditing standards require 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 the Association does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under 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 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 June 30, 2008, 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 combined fund cash balances of South Central Ohio Computer Association, as of June 30, 2009 and 2008, and its combined cash receipts and disbursements and reserve for encumbrances for the years then ended on the basis of accounting described in Note 2.

The aforementioned revision to generally accepted accounting principles also requires the Association to include Management's Discussion & Analysis. The Association has not presented Management's Discussion & 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 February 5, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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 cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

February 5, 2010

**South Central Ohio Computer Association**  
Statement of Receipts, Disbursements and Changes in Fund Cash Balances  
All Funds  
For the Fiscal Year Ended June 30, 2009

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Receipts:			
Charges for Services	\$ 5,583,545	\$ -	\$ 5,583,545
Intergovernmental	1,846,003	3,000	1,849,003
Interest Earnings	19,250	-	19,250
	<hr/>	<hr/>	<hr/>
Total Receipts	7,448,798	3,000	7,451,798
Disbursements:			
Instruction			
Support Services	2,258,154	10,000	2,268,154
Employee Fringe Benefits	738,488	-	738,488
Purchased Services	3,323,957	-	3,323,957
Supplies and Materials	637,876	-	637,876
Capital Outlay	102,409	-	102,409
Debt Service:			
Principal Retirement	148,210	-	148,210
Interest & Fiscal Charges	2,198	-	2,198
Other	30,575	-	30,575
	<hr/>	<hr/>	<hr/>
Total Disbursements	7,241,867	10,000	7,251,867
Excess of Receipts Over (Under) Disbursements	206,931	(7,000)	199,931
Fund Cash Balance, July 1, 2008	238,152	16,000	254,152
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, June 30, 2009	445,083	9,000	454,083
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserved for Encumbrances	\$ 9,649	\$ 9,000	\$ 18,649
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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



**South Central Ohio Computer Association**  
Statement of Receipts, Disbursements and Changes in Fund Cash Balances  
All Funds  
For the Fiscal Year Ended June 30, 2008

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Receipts:			
Charges for Services	\$ 5,193,881	\$ -	\$ 5,193,881
Intergovernmental	1,928,346	13,000	1,941,346
Interest Earnings	22,114	-	22,114
	<hr/>	<hr/>	<hr/>
Total Receipts	7,144,341	13,000	7,157,341
Disbursements:			
Instruction			
Support Services	2,403,271	-	2,403,271
Employee Fringe Benefits	844,353	-	844,353
Purchased Services	3,475,930	-	3,475,930
Supplies and Materials	66,097	-	66,097
Capital Outlay	109,312	-	109,312
Debt Service:			
Principal Retirement	158,409	-	158,409
Interest & Fiscal Charges	7,741	-	7,741
Other	48,207	-	48,207
	<hr/>	<hr/>	<hr/>
Total Disbursements	7,113,320	-	7,113,320
Excess of Receipts Over (Under) Disbursements	31,021	13,000	44,021
Fund Cash Balance, July 1, 2007	<hr/> 207,131	<hr/> 3,000	<hr/> 210,131
Fund Cash Balance, June 30, 2008	<hr/> <u>238,152</u>	<hr/> <u>16,000</u>	<hr/> <u>254,152</u>
Reserved for Encumbrances	<hr/> <u>\$ 24,049</u>	<hr/> <u>\$ 16,000</u>	<hr/> <u>\$ 40,049</u>

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

**SOUTH CENTRAL OHIO COMPUTER ASSOCIATION**  
**Pike County, Ohio**  
**July 1, 2007 through June 30, 2009**  
**Notes to the Financial Statements**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The South Central Ohio Computer Association (the Association) is a consortium that has been formed for the purpose of applying modern technology through the use of computers and other electronic equipment to administrative and instrumental functions for member school districts. The Association is organized under section 3313.92 of the Revised Code and is thus required to have a board of education serve as its fiscal agent. The Pike County Joint Vocational School District acts as the fiscal agent for the South Central Ohio Computer Association. Membership in the consortium is limited to the public school districts in Pike, Ross, Scioto, Lawrence, Jackson, Gallia, Brown, Highland, Pickaway, Vinton and Adams Counties. The Association operates under an elected 15 member governing board composed of the Superintendent of the Pike County Joint Vocational School District and two representatives from each of the seven counties in the member region. The Association currently has 45 employees.

Management believes the financial statements included in this report represent all of the funds of the Association over which the Board has the ability to exercise direct operating control.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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 a payment is made rather than when a liability is incurred.

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

**B. Cash and Investments**

To improve cash management, all cash received by the Association is pooled in a central bank account. Monies for all funds are maintained in this account. Individual fund integrity is maintained through Association records.

The Association invested funds in the State Treasury Asset Reserve ("STAR Ohio") during fiscal year 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does not operate in a manner consistent with Rule 2a7 of the investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2009.

Investments are included in fund cash balances.

**SOUTH CENTRAL OHIO COMPUTER ASSOCIATION**  
**Pike County, Ohio**  
**July 1, 2007 through June 30, 2009**  
**Notes to the Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting**

The Association maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. A description of the Association's funds follows:

**Governmental Fund**

**General Fund**

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

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditure for specified purposes. The Association had the following significant special revenue fund: OneNet Ohio

**D. 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.

**E. Accumulated Unpaid Vacation, Personal and Sick Leave**

Accumulated unpaid vacation, personal leave, and sick leave are not accrued under the cash basis of accounting described in Note 2. At June 30, 2009, management estimates that \$593,045 in sick leave, \$171,970 in vacation leave, and \$11,239 in personal leave has been accumulated by the employees of the Association. At June 30, 2008, management estimates that \$637,164 in sick leave, \$170,533 in vacation leave, and \$11,134 in personal leave has been accumulated by the employees of the Association. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practical to determine the actuarial value of these benefits as of June 30, 2009 and 2008.

**SOUTH CENTRAL OHIO COMPUTER ASSOCIATION**  
**Pike County, Ohio**  
**July 1, 2007 through June 30, 2009**  
**Notes to the Financial Statements**

**NOTE 3-CASH AND INVESTMENTS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments are as follows:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Demand Deposits	<u>\$ 398,982</u>	<u>\$ 44,296</u>
Total Deposits	<u>398,982</u>	<u>44,296</u>
STAR Ohio	<u>55,101</u>	<u>209,856</u>
Total Investments	<u>55,101</u>	<u>209,856</u>
Total Deposits and Investments	<u><u>\$ 454,083</u></u>	<u><u>\$ 254,152</u></u>

Deposits:

Deposits are insured by FDIC and pledged collateral held by the bank on behalf of the district.

Investments:

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

**NOTE 4 - RISK MANAGEMENT**

The Association maintains commercial insurance for the following risks:

- General Liability & Casualty
- Public Officials Liability
- Vehicle
- Property

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

The Association also provides health insurance to full time employees through private carriers.

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation.

**SOUTH CENTRAL OHIO COMPUTER ASSOCIATION**  
**Pike County, Ohio**  
**July 1, 2007 through June 30, 2009**  
**Notes to the Financial Statements**

**NOTE 5 - PENSION PLAN**

The Association contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. 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 state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report which includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under *Employer/Audit Resources*.

Plan members are required to contribute 10 percent of their annual covered salary and the Association is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2009, the allocation to pension and death benefits is 9.09 percent. The remaining 4.91 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Fund. The Association's contributions to SERS which were allocated for pension and death benefits for the fiscal years ending June 30, 2009, 2008, and 2007 were \$209,202, \$224,678, and \$212,461 respectively, equal to the required contributions for each year.

**NOTE 6 - POSTEMPLOYMENT BENEFITS**

In addition to a cost-sharing, multiple-employer defined benefit pension plan, the School Employees Retirement System (SERS) administers two post employment benefit plans.

**Medicare Part B Plan**

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2009, 2008, and 2007, the actuarially required allocations were 0.75 percent, 0.66 percent, and 0.68 percent, respectively. For the School District, contributions for the years ended June 30, 2009, 2008, and 2007, were \$17,261, \$16,313, and \$15,894, respectively, which equaled the required contributions for those years.

**Health Care Plan**

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

**SOUTH CENTRAL OHIO COMPUTER ASSOCIATION**  
**Pike County, Ohio**  
**July 1, 2007 through June 30, 2009**  
**Notes to the Financial Statements**

**NOTE 6 - POSTEMPLOYMENT BENEFITS** (Continued)

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. 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. For fiscal year 2009, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. At June 30, 2009, 2008, and 2007, the health care allocations were 4.16 percent, 4.18 percent, and 3.32 percent, respectively. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2009, 2008, and 2007 fiscal years equaled \$95,741, \$103,318 and \$77,599, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

**SOUTH CENTRAL OHIO COMPUTER ASSOCIATION**  
**Pike County, Ohio**  
**July 1, 2007 through June 30, 2009**  
**Notes to the Financial Statements**

**NOTE 7 – DEBT**

Debt outstanding at June 30, 2009 and 2008 was as follows:

<u>Governmental Activities:</u>	Principal Outstanding 6/30/2007	Additions	Deductions	Principal Outstanding 6/30/2008	Due within One Year
General Obligation Bond (SIRSI) 2.60%	\$64,576	\$0	\$32,323	\$32,253	\$32,253
General Obligation Bond (UCC) 3.50%	42,050	0	20,664	21,386	21,386
Capital Lease- LeaseNet 0%	19,448	0	19,448	0	0
Capital Lease-Varilease 0%	300,907	0	85,974	214,933	94,571
<i>Total Governmental Activities</i>	<u>\$426,981</u>	<u>-</u>	<u>\$158,409</u>	<u>\$268,572</u>	<u>\$148,210</u>

<u>Governmental Activities:</u>	Principal Outstanding 6/30/2008	Additions	Deductions	Principal Outstanding 6/30/2009	Due within One Year
General Obligation Bond (SIRSI) 2.60%	\$32,253	\$0	\$32,253	\$0	\$0
General Obligation Bond (UCC) 3.50%	21,386	0	21,386	0	0
Capital Lease-Varilease 0%	214,933	0	94,571	120,362	103,168
<i>Total Governmental Activities</i>	<u>\$268,572</u>	<u>-</u>	<u>\$148,210</u>	<u>\$120,362</u>	<u>\$103,168</u>

The first G.O. Note was issued for the purchase of SIRSI equipment. The original note was for \$95,584, with an one payment of \$95,584 plus interest. The G.O. Note is a direct obligation of the Association for its full faith, credit and resources are pledged and are payable from the Association's general fund.

The second G.O. Note was issued for the purchase of a UCC on computer equipment. The original note was for \$62,015, with an annual principal payment of \$19,448. The G.O. Note is a direct obligation of the Association for its full faith, credit and resources are pledged and are payable from the Association's general fund.

**SOUTH CENTRAL OHIO COMPUTER ASSOCIATION**  
**Pike County, Ohio**  
**July 1, 2007 through June 30, 2009**  
**Notes to the Financial Statements**

**NOTE 8- CAPITAL LEASES**

The first capital lease was issued for leasing SAN equipment. The original lease was for \$83,458, with four quarterly payments of \$7,875 for three years. The capital lease is a direct obligation of the Association for its full faith, credit and resources are pledged and are payable from the Association's general fund.

The second capital lease was issued for leasing computer storage and networking equipment. The original lease was for \$300,907, with monthly payments of \$8,597.35 for thirty five months beginning July 1, 2007. The capital lease is a direct obligation of the Association for its full faith, credit and resources are pledged and are payable from the Association's general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2009:

Fiscal Year Ending June 30	Total Payments
2010	103,168
2011	17,194
Total Minimum Lease Payments	120,362
Less Amount Representing Interest	-
Present Value of Minimum Lease Payments	\$120,362

**NOTE 9 – CONTINGENCIES**

Grants

The Association received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Association. Management is unable to estimate possible claims from such audits until the audits have been completed. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Association at June 30, 2009.

Litigation

The Association is not party to any legal proceedings.



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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

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

Members of the Board  
South Central Ohio Computer Association  
P.O. Box 577  
Piketon, Ohio 45661

We have audited the financial statements of the South Central Ohio Computer Association (the Association) as of and for the year ended June 30, 2009 and 2008, which collectively comprise the Association's financial statements and have issued our report thereon dated February 5, 2010. 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 opinions 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We noted no matters involving internal control over financial reporting that we consider to be material weaknesses.

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.

Members of the Board

South Central Ohio Computer Association

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

Page 2

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also 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, 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 intend this report solely for the information and use of the management, members of the Board, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

February 5, 2010



**Mary Taylor, CPA**  
Auditor of State

**SOUTH CENTRAL OHIO COMPUTER ASSOCIATION**

**PIKE 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  
MAY 6, 2010**