



**Auditor of State  
Betty Montgomery**



**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION  
GREENE COUNTY**

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**Auditor of State  
Betty Montgomery**

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 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

November 14, 2005

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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, (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. Instead of the funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 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 year 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 or cash flows of its proprietary funds for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Miami Valley Educational Computer Association, Greene 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 year 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 November 14, 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

November 14, 2005



**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, 2005**

<b>Cash Receipts:</b>	
Intergovernmental	\$12,220
<b>Other Financing Receipts:</b>	
Transfers-In	<u>29,806</u>
Cash Receipts and Other Financing Receipts	42,026
Fund Cash Balance, July 1, 2004	<u>                    </u>
<b>Fund Cash Balance, July 30, 2005</b>	<u><u>\$42,026</u></u>
Reserve for Encumbrances, June 30	<u><u>\$42,026</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, 2005**

<b>Operating Cash Receipts:</b>	
Charges for Services	\$1,471,546
Miscellaneous	<u>15</u>
Total Operating Cash Receipts	<u>1,471,561</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	832,816
Contractual Services	964,496
Supplies and Materials	17,994
Capital Outlay	153,134
Other	<u>16,628</u>
Total Operating Cash Disbursements	<u>1,985,068</u>
Operating Receipts (Under)	
Operating Disbursements	<u>(513,507)</u>
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	13,448
Intergovernmental Receipts	<u>425,056</u>
Total Non-Operating Cash Receipts	438,504
<b>Non-Operating Cash Disbursements</b>	
Transfers-Out	<u>(29,806)</u>
Net Receipts (Under) Disbursements	(104,809)
Fund Cash Balance, July 1	<u>825,544</u>
<b>Fund Cash Balance, June 30</b>	<u><b>\$720,735</b></u>
Reserve for Encumbrances, June 30	<u><u>\$22,542</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, 2004**

<b>Operating Cash Receipts:</b>	
Charges for Services	\$1,488,134
Miscellaneous	<u>845</u>
Total Operating Cash Receipts	<u>1,488,979</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	850,245
Contractual Services	966,059
Supplies and Materials	39,246
Capital Outlay	138,526
Other	<u>36,107</u>
Total Operating Cash Disbursements	<u>2,030,183</u>
Operating Receipts (Under) Operating Disbursements	<u>(541,204)</u>
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	7,186
Intergovernmental Receipts	<u>488,486</u>
Total Non-Operating Cash Receipts	495,672
Net Receipts (Under) Disbursements	(45,532)
Fund Cash Balance, July 1	<u>871,076</u>
<b>Fund Cash Balance, June 30</b>	<b><u><u>\$825,544</u></u></b>
Reserve for Encumbrances, June 30	<u><u>\$50,302</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, 2005 AND 2004  
(Continued)**

**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 2005 and 2004 budgetary activity appears in Note 2.

**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:

**Special Revenue** - Beginning in fiscal year 2005, this fund accounts for revenue and expenditure activity associated with the federally-funded Special Education Software grant.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION  
GREENE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2005 and 2004 follows:

<b>2005 Budgeted v s. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
Special Revenue		\$ 42,026	\$ 42,026
Enterprise	\$1,720,121	1,910,065	189,944
<b>Total</b>	<b>\$1,720,121</b>	<b>\$1,952,091</b>	<b>\$231,970</b>

<b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
Special Revenue	\$ 0	\$ 42,026	(\$ 42,026)
Enterprise	2,172,454	2,037,416	135,038
	<b>\$ 2,172,454</b>	<b>\$2,079,442</b>	<b>\$ 93,012</b>

<b>2004 Budgeted v s. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
Enterprise	\$2,165,750	\$1,984,651	(\$181,099)

<b>2004 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
Enterprise	\$2,355,000	\$2,080,485	\$274,515

In fiscal year 2005, the Special Education Software Grant (Special Revenue Fund) received \$12,220 in cash receipts and \$29,806 in advances. Budgetary Expenditures consisted of encumbrances totaling \$42,026 for purchase orders outstanding at June 30, 2005. No actual expenditures made during fiscal year 2005.

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION  
GREENE COUNTY**

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

**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 2005 and 2004, members of SERS contributed 10% 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, 2005.

**4. RISK MANAGEMENT**

The fiscal agent, Greene County Vocational School 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 fiscal agent 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 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 the Miami Valley Educational Computer Association, Greene County, (the Association), as of and for the years ended June 30, 2005 and 2004, and have issued our report thereon dated November 14, 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 November 14, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **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*.

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

We intend this report solely for the information and use of management and the board of directors. 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

November 14, 2005

**MIAMI VALLEY EDUCATIONAL COMPUTER ASSOCIATION  
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2003-001	Finding for Recovery for payment of wages in excess of contract amount.	Yes	Was repaid while under audit during the prior audit.





**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, 2005**