



**Auditor of State  
Betty Montgomery**



**NORTHERN OHIO EDUCATIONAL COMPUTER ASSOCIATION  
ERIE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Northern Ohio Educational Computer Association  
Erie County  
219 Howard Drive  
Sandusky, Ohio 44870-8603

To Members of the Association Assembly:

We have audited the accompanying financial statements of the Northern Ohio Educational Computer Association (NOECA) as of and for the years ended June 30, 2003 and 2002. These financial statements are the responsibility of NOECA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, NOECA 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 and reserves for encumbrances of NOECA as of June 30, 2003 and 2002, and its combined 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 October 16, 2003 on our consideration of NOECA'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 audits.

Northern Ohio Educational Computer Association  
Erie County  
Independent Accountants' Report  
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This report is intended solely for the information and use of management, the Association Assembly, 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

October 16, 2003

**NORTHERN OHIO EDUCATIONAL COMPUTER ASSOCIATION  
ERIE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ENTERPRISE FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2003**

	<b>Enterprise</b>
<b>Cash Receipts:</b>	
Charges for Services	\$ 2,044,667
Total Cash Receipts	2,044,667
<b>Cash Disbursements:</b>	
Personal Services - Salaries	896,649
Retirement and Insurance	234,910
Purchased Services	1,291,992
Supplies and Materials	31,779
Capital Outlay	919,165
Capital Outlay - Replacement	4,188
Other	19,570
Total Cash Disbursements	3,398,253
Total Cash Disbursements Over Cash Receipts	(1,353,586)
<b>Other Financing Receipts:</b>	
Earnings on Investments	17,910
Sale of Fixed Assets	970
Revenue from State Sources:	
Unrestricted Grants In Aid	388,496
Restricted Grants In Aid	360,211
Refund of Prior Year's Expenditures	3,239
Total Other Financing Receipts	770,826
Excess of Cash Disbursements Over Cash Receipts and Other Financing Receipts	(582,760)
Fund Cash Balances, July 1	1,552,666
<b>Fund Cash Balances, June 30</b>	<b>\$ 969,906</b>
Reserve for Encumbrances, June 30	\$ 70,403

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

**NORTHERN OHIO EDUCATIONAL COMPUTER ASSOCIATION  
ERIE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ENTERPRISE FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Enterprise</b>
<b>Cash Receipts:</b>	
Charges for Services	\$ 1,579,582
Total Cash Receipts	1,579,582
<b>Cash Disbursements:</b>	
Personal Services - Salaries	746,241
Retirement and Insurance	181,912
Purchased Services	1,322,309
Supplies and Materials	41,063
Capital Outlay	635,852
Other	22,139
Total Cash Disbursements	2,949,516
Total Cash Disbursements Over Cash Receipts	(1,369,934)
<b>Other Financing Receipts/(Disbursements):</b>	
Earnings on Investments	49,823
Revenue from State Sources:	
Unrestricted Grants In Aid	511,142
Restricted Grants In Aid	422,591
Refund of Prior Year's Expenditures	11,405
Refund of Prior Year's Receipts	(125,788)
Total Other Financing Receipts/(Disbursements)	869,173
Excess of Cash Disbursements and Other Financing Uses Over Cash Receipts and Other Financing Receipts	(500,761)
Fund Cash Balances, July 1	2,053,427
<b>Fund Cash Balances, June 30</b>	<b>\$ 1,552,666</b>
Reserve for Encumbrances, June 30	\$ 692,999

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



**NORTHERN OHIO EDUCATIONAL COMPUTER ASSOCIATION  
ERIE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization composed of member school districts. As of June 30, 2003, there are forty-two member school districts. The basic geographic service area includes Erie, Ottawa, Huron, Sandusky, Seneca, Wood, and Crawford counties. The purpose of NOECA is to develop and implement a computer system efficiently and effectively for the needs of the member school districts. NOECA is governed by an Association Assembly which consist of the superintendent (or his designate) of each member school district. Each of the member school districts supports NOECA based upon fees charged for services utilized. The Association Assembly is responsible for approving the fee schedule. In general, the fees are based on a per pupil charge and/or dependent upon the software package or service utilized. In the event of dissolution of NOECA, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contributions. The degree of control exercised by any participating school district is limited to its representation on the Association Assembly.

The Erie-Huron-Ottawa Educational Service Center (the ESC) serves as fiscal agent and custodian, however, it is not accountable for the operation of NOECA; therefore the operations of the ESC have been excluded from NOECA's financial statements.

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

**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**

As required by Ohio Revised Code, NOECA's cash is held and invested by the Treasurer of the Erie-Huron-Ottawa Educational Service Center (the ESC), who is the custodian for Association monies. NOECA's assets are held in the ESC's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

**NORTHERN OHIO EDUCATIONAL COMPUTER ASSOCIATION  
ERIE COUNTY**

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

**D. Fund Accounting**

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

ENTERPRISE FUNDS

Enterprise funds are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. NOECA had the following significant Enterprise Fund:

NOECA – This fund accounts for the fees charged to member school districts.

**E. Budgetary Process**

The Constitution of NOECA provides that the Association Assembly approve an annual budget based on the recommendations of the Board of Directors.

**1. Appropriations**

The Assembly annually approves appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

**3. Encumbrances**

NOECA reserves (encumbers) appropriations when individual commitments are made. 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.

**F. 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under NOECA's basis of accounting.

**NORTHERN OHIO EDUCATIONAL COMPUTER ASSOCIATION  
ERIE COUNTY**

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

**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	\$ 3,024,381	\$ 2,815,493	\$ (208,888)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$ 4,577,047	\$ 3,468,656	\$ 1,108,391

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$ 2,438,095	\$ 2,574,543	\$ 136,448

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$ 4,491,522	\$ 3,768,303	\$ 723,219

**3. RETIREMENT SYSTEMS**

NOECA's employees belong to the School Employees Retirement System of Ohio (SERS). SERS is a cost-sharing, multiple-employer public employee retirement 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 fiscal years ended June 30, 2003 and 2002, SERS members contributed 9 percent of their gross salaries. NOECA contributed an amount equal to 14 percent of participants' gross salaries. NOECA has paid all contributions required through June 30, 2003.

**4. RISK MANAGEMENT**

NOECA has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles.

**NORTHERN OHIO EDUCATIONAL COMPUTER ASSOCIATION  
ERIE COUNTY**

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

NOECA is uninsured for the following risks:

- Errors and omissions.

NOECA 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 COMPLIANCE AND ON INTERNAL  
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Northern Ohio Educational Computer Association  
Erie County  
219 Howard Drive  
Sandusky, Ohio 44870-8603

To Members of the Association Assembly:

We have audited the accompanying financial statements of the Northern Ohio Educational Computer Association (NOECA) as of and for the years ended June 30, 2003 and 2002, and have issued our report thereon dated October 16, 2003. We conducted our audits in accordance with auditing standards generally accepted by 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 NOECA'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 audits, we considered NOECA'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 one matter involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of NOECA in a separate letter dated October 16, 2003.

Northern Ohio Educational Computer Association  
Erie County  
Independent Accountants' Report on Compliance and on Internal  
Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of management and the Association Assembly, 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

October 16, 2003



**Auditor of State  
Betty Montgomery**

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**NORTHERN OHIO EDUCATIONAL COMPUTER ASSOCIATION**

**ERIE 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 6, 2003**