



**AREA COOPERATIVE COMPUTERIZED
EDUCATIONAL SERVICE SYSTEM
MAHONING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM
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REPORT OF INDEPENDENT ACCOUNTANTS

Area Cooperative Computerized Educational Service System
Mahoning County
2801 Market Street, Suite 202
Youngstown, Ohio 44507

To the Members of the Assembly and the Board of Directors:

We have audited the accompanying financial statements of Area Cooperative Computerized Educational Service System, Mahoning County, (ACCESS) as of and for the years ended June 30, 1999 and 1998. These financial statements are the responsibility of ACCESS's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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, ACCESS 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 cash balances and reserves for encumbrances of Area Cooperative Computerized Educational Service System, Mahoning County, as of June 30 1999 and June 30, 1998, and its cash receipts and cash 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 11, 2000 on our consideration of ACCESS's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, Assembly, 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

October 11, 2000

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**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED JUNE 30, 1999 AND JUNE 30, 1998**

	<u>1999</u>	<u>1998</u>
Cash Receipts:		
Membership Contributions	\$833,875	\$815,595
Intergovernmental Receipts	727,776	721,324
Refund of Prior Years Expenditures		80,623
	<hr/>	<hr/>
Total Cash Receipts	1,561,651	1,617,542
Cash Disbursements:		
Personal Services	391,062	418,068
Employees' Retirement and Insurance	92,489	103,860
Purchased Services	885,621	653,175
Supplies and Materials	15,130	50,766
Capital Outlay	149,412	179,284
Capital Outlay - Replacement		5,045
Capital Lease Payments	212,330	95,889
Miscellaneous Cash Disbursements	17,781	22,431
	<hr/>	<hr/>
Total Cash Disbursements	1,763,825	1,528,518
Excess of Cash Receipts Over/ (Under) Cash Disbursements	(202,174)	89,024
Cash Balance - July 1	<hr/> 660,519	<hr/> 571,495
Cash Balance - June 30	<hr/> \$458,345 <hr/>	<hr/> \$660,519 <hr/>
Reserve for Encumbrances - June 30	<hr/> <u>\$109,561</u> <hr/>	<hr/> <u>\$228,898</u> <hr/>

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

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**AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Area Cooperative Computerized Educational Service System, Mahoning County, (ACCESS) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Mahoning County Educational Service Center acts as fiscal agent for ACCESS. The Treasurer of the Mahoning County Educational Service Center acts as the Fiscal Officer for ACCESS. ACCESS is directed by an Assembly, which acts as the Legislative Body, consisting of the Superintendent, or his/her designee, from each member School District. The Assembly appoints a Board of Directors, which acts as the Managerial Body, consisting of the Mahoning County and Columbiana County Educational Service Center Superintendents, the Fiscal Officer, two Superintendents and one Treasurer selected from the Mahoning County member School Districts, and two Superintendents and one Treasurer selected from the Columbiana County member School Districts. Terms of the Board Members are 2 years each and are staggered. ACCESS provides a shared computer site to develop and implement efficient and effective data processing services for its member School Districts.

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

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. 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.

D. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Mahoning County Educational Service Center (ESC) acts as fiscal agent for ACCESS. The ESC maintains a cash and investments pool used by all funds and activities and does not account for and/or report separately the amounts of deposits and investments the ESC maintains solely for ACCESS. However, the ESC follows the provisions of the Ohio Revised Code that prescribe allowable deposits and investments of public funds.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998
(Continued)

3. CAPITAL LEASE OBLIGATIONS

ACCESS purchased equipment and software through a capital lease arrangement in December 1997 for \$443,013 at 6.95 percent interest. The lease obligation is payable in thirty-six monthly installments of \$13,698, including interest, through November 2000. ACCESS pays this obligation from member School District contributions. The outstanding balance on this obligation at June 30, 1999 is \$220,884.

ACCESS purchased equipment through a capital lease arrangement in November 1998 for \$188,576 at 5.70 percent interest. The lease obligation is payable in thirty-six monthly installments of \$5,711, including interest, through October 2001. ACCESS pays this obligation from member School District contributions. The outstanding balance on this obligation at June 30, 1999 is \$154,269.

ACCESS purchased equipment through a capital lease arrangement in April 1999 for \$131,582 at 5.70 percent interest. The lease obligation is payable in thirty-six monthly installments of \$3,986, including interest, through March 2002. ACCESS pays this obligation from member School District contributions. The outstanding balance on this obligation at June 30, 1999 is \$124,973.

4. RETIREMENT SYSTEMS

ACCESS's employees belong to the State Employees Retirement System (SERS) of Ohio. SERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code prescribes SERS contribution rates. For 1998 and 1999, SERS requires members to contribute 9% of their gross salaries. ACCESS contributed an amount equal to 14% of participants' gross salaries. ACCESS has paid all contributions required through June 30, 1999.

5. RISK MANAGEMENT

ACCESS has obtained commercial insurance through a private carrier for the following risks:

- Comprehensive property
- General liability and casualty
- Errors and omissions

ACCESS also provides health insurance and dental coverage to its employees through a private carrier.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Area Cooperative Computerized Educational Service System
Mahoning County
2801 Market Street, Suite 202
Youngstown, Ohio 44507

To the Members of the Assembly and the Board of Directors:

We have audited the accompanying financial statements of Area Cooperative Computerized Educational Service System, Mahoning County, (ACCESS) as of and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated October 11, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 ACCESS'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 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 audit, we considered ACCESS'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 certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of ACCESS in a separate letter dated October 11, 2000.

Area Cooperative Computerized Educational Service System
Mahoning County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of management, Assembly, 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

October 11, 2000



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AREA COOPERATIVE COMPUTERIZED EDUCATIONAL SERVICE SYSTEM

MAHONING 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 14, 2000**